

Large fall in inflation rate expected this month

The Treasury expected a large fall in the rate of inflation this month, Sir Geoffrey Howe said in defence of his economic policies in the Commons yesterday. There were signs that the world recession would bottom out in 1981, and business confidence was already reviving. A record number of new small businesses was expected to be set up in the United Kingdom this year.

Confidence reviving, Chancellor says

By Hugh Noyes
Parliamentary Correspondent

Westminster was the air of optimism generated by senior ministers in recent days, Sir Geoffrey Howe, Chancellor of the Exchequer, predicted in the Commons yesterday that the worst of the recession was over and that the Treasury expected a large fall in the rate of inflation.

The Chancellor reiterated that the Government would not be driven off its monetarist course; all else had to give way to the priority of bringing down inflation.

Opening for the Government in the first economic debate of 1981 and rejecting an Opposition motion calling for the abandonment of his "disastrous" economic and monetarist policies, Sir Geoffrey told a somewhat sceptical Commons that the Government's success in establishing itself as a responsible and credible Government was becoming increasingly apparent. Many forecasters expected single-figure inflation to be reached during the year.

Insisting that the Government must stick to its present policies and that the nation was seeing the first signs of their success, the Chancellor said that only responsible control of public spending would allow the lower interest rates that were being demanded.

There were good signs that the world recession would bottom-out in 1981, and there was already the start of a recovery in business confidence. There was also evidence, Sir Geoffrey said, that the fall in output was coming to an end and that new businesses were establishing themselves; a record number were expected in 1981.

The Chancellor said that unemployment was likely to go on rising for some time and that there was a long and difficult period of adjustment ahead.

In spite of Sir Geoffrey's sighting of a rosier future, it was soon clear from backbench interventions that there is still considerable unrest among the Conservative rank and file. At one point, when he tried to ridicule the call from Mr Peter Shore, Labour's new shadow Chancellor, for a dramatic change of policy away from

Prior plea for closer links with industry

By Paul Routledge
Labour Editor

The Government opened the debate on trade union legal immunities yesterday with a Green Paper that contains many proposals for more restrictions on union power but puts the likelihood of any further legislation well into the next parliamentary session.

Introducing his department's discussion paper, Mr James Prior, Secretary of State for Employment, made an unexpected plea for closer relations between the Cabinet and organized labour.

"The continuing absence of a well defined, stable, and acceptable relationship between government and the one hand and trade unions and employers' associations on the other has contributed to damaging discussion," he said.

The minister "wants all interested parties to consider how this gap can be filled" and welcomes their views on the 40,000-word Green Paper which presents a thorough discussion of all the options on trade union immunities but makes no hard and fast recommendations. Six months have been allowed for making representations to the Government.

Many of the right-wing nostrums advanced since the passage of the Employment Act, 1980, for curbing trade union militancy are damned with faint praise in the Green Paper. It concludes that without some legal protection it would be impossible for trade unions to organize industrial action without risk of civil proceedings. The debate therefore is about the nature and limits of that legal protection.

Among the proposals discussed are whether union funds should be at risk for "unlawful acts" committed by union officials and whether the law should be tightened still further.

On picking the Green Paper is unenthusiastic about tougher measures.

The Green Paper then considers the pros and cons of the Government's taking powers to make strikes unlawful in essential services. It concludes that the experience of the 1970s has proved that even in wartime it is impossible to prevent strikes altogether by making the strikers liable to criminal prosecution.

Finally, Mr Prior's department takes the discussion into uncharted territory, suggesting a complete shift in labour law from immunities to positive rights, including a right to strike, might have. It would be a "formidable task" to make such a fundamental change in the law and the Government is asking "a World's system of positive rights" to be a contribution to an improvement in industrial relations.

The immediate reaction of Mr Len Murray, TUC general secretary, was that the Government was attempting to "achieve size ideas" so as to distract attention from its economic policies.

The CBI welcomed the document.

Green Paper, page 4
Leading article, page 13



A Rome policeman helping Judge Giovanni D'Urso to emerge from under blankets in the car where his Red Brigades kidnappers left him bound and gagged yesterday. Report page 7

French armed forces on alert against Libya

From Ian Murray
Paris, Jan 15

The French Army and Navy are standing by to evacuate French citizens from Libya and Chad and began sending troops to Africa, the French Embassy in Tripoli has been the target for demonstrations and there is growing concern in the safety of the 1,800 French citizens working in Libya.

Colonel Gaddafi said yesterday that he would keep his troops in Chad for as long as was necessary and certainly until such time as France withdrew its troops from the Central African Republic. Any aggression against the frontiers of Chad, he said, would be regarded as an attack against Libyan territory.

Although reassured by the condemnation given by 12

African heads of state meeting in Lomé, Togo, to the merger with Chad, France still sees the merger as a real military and diplomatic setback. It means the failure of its attempt begun 11 years ago to keep Libya in the Western camp by selling it 100 Mirage jets.

Referendum move: Libya and Chad will not decide to merge their two countries before the question has been put to the people of Chad in a referendum, Tripoli radio said today.

Yesterday the Organization of African Unity condemned Libya's proposed merger with Chad and demanded the immediate withdrawal of Libyan forces—Agence France Presse and Reuters.

Bokassa shadows, page 9

Life jail for Ulster soldiers

Two Army sergeants were jailed for life at Belfast Crown Court yesterday after they admitted murdering civilians in Northern Ireland.

Sergeant Stanley Hathaway, aged 36, pleaded guilty to two killings and Sergeant John Byrne, aged 33, to one.

The court was told that Mr Michael Nease, aged 31, a farmer, and Mr Andrew Murray, aged 24, a labourer, were stabbed to death 30 times on a farm near Newry in 1972.

The prosecution had said that Mr Nease was killed because he had been "uncooperative" with the soldiers' patrol, and that Mr Murray was murdered because he was a witness.

A former lance corporal, Mr John Cheesnut, aged 32, was jailed for four years after admitting the manslaughter of Mr Murray.

Captain Andrew Snowball, aged 27, who admitted withholding information about the killings from the police, was sentenced to one year's imprisonment, suspended for two years.

Sergeant Hathaway and Sergeant Byrne originally pleaded not guilty to murdering Mr Nease and Mr Murray.

Sergeant Hathaway changed his plea to guilty on both counts and Sergeant Byrne changed his plea to guilty of the murder of Mr Nease. The charge against him of murdering Mr Nease was withdrawn.

At the time of the killings, all four men were serving in the Argyll and Sutherland Highlanders in Northern Ireland. They were arrested in June, 1979.

Mr Justice McDermott said the four had not sought to brazen out the matter in evidence. "In my judgment, your example has been of genuine remorse." But that was not enough.

Unmasked by conscience, page 2

Overwhelming support for Haig nomination

From David Cross
Washington, Jan 15

After the longest hearing of its kind in American history, members of the Senate Foreign Relations Committee today gave their overwhelming support to Mr Alexander Haig as Secretary of State in the proposed Reagan Administration.

Fifteen members of the committee approved the nomination, including many Democrats who were originally reluctant to endorse the most controversial of Mr Reagan's Cabinet nominees. Only the two most liberal Democrats on the committee—Senator Paul Sarbanes of Maryland, and Senator Paul Tsongas of Massachusetts—failed to endorse Mr Haig's suitability.

Explaining their views before today's vote, the two dissenting senators said that in spite of Mr Haig's impressive performance at the hearing, he had failed to restore their doubts about his "moral commitments." This was a reference to Mr Haig's tenure of office as White House Chief of Staff to President Nixon during the final days of the Watergate scandal.

The two senators prompted Mr Haig to lose his temper on one occasion earlier this week when they pressed him repeatedly to spell out the rights and wrongs of the Watergate era. Regarding his composure, Mr Haig finally conceded that on occasion that Watergate had been "stupid, illegal and immoral," but he strenuously denied any personal wrongdoing.

But even Senators Sarbanes and Tsongas conceded that Mr Haig had the potential to be a "great" Secretary of State. Mr Tsongas described Mr Haig as an "extraordinary man, capable, intelligent, tough, pragmatic and with a sense of history." His disapproval should be regarded as a signal of "vigilance" about Mr Haig's

Nine airmen saved after crash in sea

From Ronald Faux
Edinburgh

Nine Dutch airmen were rescued yesterday after their reconnaissance aircraft crashed west of Orkney, 125 miles out in the North Atlantic. The bodies of three other crew members from the naval patrol aircraft were also recovered by British helicopters.

A Mayday signal was picked up by a civilian aircraft flying between Shannon and Prestwick. The pilot of the Dutch aircraft reported control difficulties caused by icing.

Reports suggested that the Dutch aircraft had been shadowing the Russian aircraft, carrier Kiev, which was steaming with escorts about 250 miles west of the crash scene.

An RAF Nimrod aircraft sighted two life rafts with survivors and guided two Royal Navy helicopters to the scene. The survivors were flown to hospital in Londonderry.

Photograph, page 2

Taking the shine off 'little saucepan'

From Tim Jones
Cardiff

At the risk of being censured by the Welsh Rugby Union, The Times is in a position to undermine one of the great weapons used with devastating effect to ensure that 18 years have elapsed since England last won at the National Stadium in Cardiff.

When the red shirts of Wales are in full flight, pressing inexorably towards the enemy line of when they are desperately defending their own position, their supporters lift them to greater efforts with rousing songs.

On more than one occasion 40,000 voices singing "Bread of Heaven" or "Calon Lan" have induced a Welsh extra admission required to inspire the team to snatch victory from the jaws of defeat. Pundits estimate that the atmosphere at the National Stadium is worth six points to the home team.

One song, however, stands out above all others as the great battle cry of the valley men. It is "Sospol Fach", the war hymn of the principality. As its refrain sweeps down from the great stadium on to the field, surely its words must reflect the very soul of Wales.

Alas, it is a confidence trick on a massive scale, its secret kept until now by the fact that it is sung in Welsh. The words of this elixir, translated, go thus:

Mary Anne's finger is a-hurting, And David the servant isn't well. The baby in the crib is crying, And the cat has scratched little Johnny. Little saucepan boiling on the fire, Big saucepan boiling on the floor, And the cat has scratched little Johnny.

It is rather as if the English supporters attempted to put steel into their team at Twickenham with a rousing chorus of "Mary Anne's little lamb."

"Sospol Fach", of course, has a fine history, for it was penned in the last century by the notable Welsh poet, Richard Davies, whose bardic name was Mynyddog. It was performed for the first time by a student from University College of North Wales, Bangor, in 1873, to an audience of workers from Llanelli on holiday in Llanwrtyd Wells, and has endured with unfading popularity ever since.

Cardiff yesterday in the unusual position of being regarded by every expert, with the exception of the 2,750,000 in Wales, as favourites to win Saturday's game. As holders of the triple crown and the grand slam, they must have an excellent chance of defending a Welsh team depleted of its superstars and facing a crisis of confidence.

Tomorrow's game is shaping up to be a classic, and it may require more than the information that Mary Anne's finger is a-hurting to enable the Welsh to keep their home ground record against the old enemy.

Threat of national water strike grows as further 3,500 workers vote for action

By Our Labour Reporter

The threat of industrial action in the water and sewerage industry grew last night when leaders of a large section of the membership of the dominant union in the industry voted unanimously to take action over the employers' refusal to increase their offer of a 7.9 per cent pay rise.

The General and Municipal Workers' Union has about 20,000 of the 32,000 manual water workers and yesterday's vote by delegates representing about 3,500 workers in Birmingham and the West Midlands means that votes have been cast for industrial action on behalf of 8,000 GWU members.

Other areas to vote in favour of industrial action have been the North-east and the South-east. Further regional delegate conferences are to be held next week and much will hinge on the decisions of the London and Southern region delegates.

Those areas, with the Birmingham and West Midlands region, account for about half of the union's membership in the industry. It is widely expected that those regions will also support industrial action and the National Union of Public Employees, with about ten thousand members in the water industry, is also expected to vote for industrial action.

Whether a national strike will be called will rest with the trade union negotiators who are due to meet on February 3, but there is a strong feeling among rank and file union members that the best way to prosecute the dispute would be through a national strike.

Mr Edmund Newall, GWU national industrial officer for water, said that yesterday's decision by Midlands delegates "clearly demonstrated that the employers' views that a stoppage was remote was both misjudged and dangerously complacent."

The public must be told that the water supply has been placed in this position by the blanket refusal of the employers' side to enter real negotiations.

Walesa union gains the Pope's support

The Pope has received Mr Lech Walesa, the Polish Solidarity trade union leader, at the head of a delegation of 15, and expressed his support for the union, emphasizing, however, that it must remain non-political.

Trade unions, he went on, "must not be the instrument for action by anyone, by any political party". The Pope concluded by recommending courage, but also prudence and moderation. Mr Walesa has accepted an invitation by West German trade unions to visit West Germany in February.

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Iran replies to US on hostages

The Iranian reply to the latest United States proposals concerning the freeing of the American hostages was sent to Algiers, where Mr Warren Christopher, the Deputy Secretary of State was standing by. The reply has been described as definitive.

Page 8

US defence budget

President Carter proposed a defence budget totalling about £78,767m for the forthcoming financial year. That is in line with his promise to increase military spending by 5 per cent in real terms. Analysts believe the figures should not be taken too seriously.

Page 8

Civil Service unions ready for strikes

Strike plans have been drawn up by union leaders for more than 500,000 white collar civil servants in anticipation of a refusal by the Government to offer them pay rises of more than about 6 per cent. The action would include a short national strike and a campaign at government computer operations.

Page 2

£106m bid for UDT

United Dominions Trust (UDT), one of Britain's largest hire purchase and finance groups, which ran into difficulties during the secondary banking crisis in the mid-1970s, has received a £106m takeover offer from Lloyds & Scottish, a competing group controlled jointly by Lloyds Bank and the Royal Bank of Scotland.

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Corsicans end fast

Six Corsican autonomists have decided to end their hunger strike in prison after the French Court of State Security ruled that they would be tried in their absence on charges of kidnapping and belonging to an armed band.

Page 7

Drug man's death

Simply as a matter of business, a leading member of an international drug syndicate had to die, a jury was told at Lancaster Crown Court. The man's body, it was stated, was found in a quarry with the hands cut off and a wound in his stomach.

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Yacht sold: A Swiss passer by bought

Sir Francis Chichester's Gypsy Moth III for £30,000 on a London pavement.

Page 5

Confidentiality: New clause designed to protect

Journalists' sources was introduced when committee stage of Concept of Court Bill opened in the Lords.

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France: Electricity authority agrees to modify design for controversial

nuclear power station at Flamanville.

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Letters: On economics of deterrence, from Air Vice-Marshal C. J. T. Downey, and Professor Lord Kallor, FBA; civil defence, from Dr Sue Davison; Opus Dei, from Father Hugh Thwaites, SJ, and Dr A. D. Cliff.

Leading articles: Trade unions in unity

The Pope and Poland.

Arts: Robinson reviews Tribuna and other new films in London; Sheridan Morley interviews Sarah Miles.

Obituary, page 14.

Sport: Wilfred Morton, Mr J. A. Sparks

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Offer may be revived

In the hope of ending the Merchant Navy dispute, shipowners are preparing to revive their 12 per cent final offer to the seamen two days after it was officially withdrawn. The union response is that such an offer must not be diminished by arbitrary overtime reductions.

Page 2

City election inquiry

Members of the City of London Corporation are examining election procedures for aldermen and councillors after allegations of irregularities. There is particular concern about the rule which allows partners in the largest private companies to place their vote in wards where the firm has premises.

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HOME NEWS

Union leaders draw up plan for strike by 500 civil servants to challenge Government curb on pay

By David Felton

Labour Reporter

Union leaders representing more than 500,000 white collar civil servants have drawn up plans for strikes and other forms of industrial action that would pose the most comprehensive challenge so far to the Government's attempts to curtail pay rises for public sector workers.

Broad outlines of the unions' plans encompass a short-term national strike by all the nine unions, which will probably last for one day or two half days, after which there would be a campaign of action primarily aimed at government operations.

Areas to be disrupted by longer-term selective strikes are likely to include government, computer centres such as those concerned with value-added tax. Such action could have a serious effect on the Government's financial planning and the public sector borrowing requirement.

A third phase of action may be unannounced walkouts, pro-

test meetings during working time, working to rule, overtime bans and withdrawal of cooperation and good will. The programme of action is expected to start by late February or early March.

The unions have drawn up the plans in preparation for the expected reply from the Government to the union's claim of pay increases of between 15 and 20 per cent. The unions believe they will be offered about 6 per cent.

The unions have also been angered by the Government's decision to make cash limits the criterion for settling pay increases for civil servants this spring instead of the pay research exercise that compares the pay of civil servants with that of employees doing similar jobs in private industry.

Final decisions have yet to be taken, but the unions are aiming to launch a strike fund of at least £3m to finance the industrial action.

Several of the unions have large reserves and some members to raise additional finance in recognition of the fact that

action could be prolonged and costly. The two main unions, the Civil and Public Services Association and the Society of Civil and Public Servants, are to hold one-day conferences this month to discuss pay. The conferences are expected to endorse the moves for industrial action.

Pay negotiations, which the unions expect to be of a super-ficial nature in view of the Prime Minister's statement last year that cash limits will be the basis on which Civil Service pay increases are awarded, are expected to start early next month.

Mr William Kendall, secretary-general of the Council of Civil Service Unions, which is the umbrella body for the nine unions, said last night that the aim of the action would be to secure a reasonable settlement for this year and a settled system of pay negotiations for later years.

"I think it is inevitable that there will be industrial action by civil servants this year, and the fault will lie not with us but with the Government," he said.



One of the nine survivors from the Dutch aircraft which crashed into the Atlantic being taken to Altnagelvin Hospital, in Londonderry, yesterday. The hospital said they were doing well.

A conscience betrayed killers

A former soldier with a troubled conscience was so horrified by a killing in Huddersfield that he gave police a tip-off in May, 1978, that led to the solving of two gruesome murder mysteries in Ulster six years earlier.

The leads pointed to soldiers of the Argyll and Sutherland Highlanders, who in 1972, the most violent year in Northern Ireland's recent history, had been camping in south-east Fermanagh.

For the man thought he recognized similarities between the murder of a prostitute, Helen Rytka, in Huddersfield and the deaths of a farmer, Mr Mickey Naan, aged 31, and his labourer, Mr Andrew Murray, aged 24, in Co Fermanagh.

Police in Huddersfield passed the information he gave to Ulster detectives, who had virtually given up hope of solving the murders.

The tipster, speaking with a Scottish accent, said the killings were by men he once patrolled with in Northern Ireland.

Mr Naan and Mr Murray were found dead on Mr Naan's 50-acre farm near Newtownbutler, two miles from the border with Co Cavan. Protestant extremists, availing of a strict curfew, were seen in the area. A neighbour, Mr John McKeown, said the call from Huddersfield, the RUC agreed with the theory.

One of the names given to the police in Huddersfield was "Bathory", but what the tipster meant to say was "Hathaway", Staff Sergeant Stanley Hathaway, who knifed the pair after a violent argument with Mr Naan.

But it took the best part of a year and a national police search before he was caught. Eventually trapped as well were his two accomplices, who pinned Mr Murray, the only witness to the murders, while he was knifed.

Also caught was an officer who covered up the affair, Captain Andrew Snowball, aged 27, then a second lieutenant. Captain Snowball had suspected that his platoon commander, Staff Sergeant Hathaway, and the other two, Sergeant John Byrne, aged 33, and Lance Corporal Iain Chestnut, were involved in the killings.

But he decided not to voice his suspicions for the sake of the regiment's reputation.

According to Belfast detectives, the tipster now lives in fear of vengeance by other former members of the regiment.

A senior detective said: "I am sure some of them know who he is, and as far as they are concerned he broke a strict curfew, broke a rule and was a deserter. He had been under enormous pressure."

He believed that the Ulster killings were connected with the

death in Huddersfield. After the young girl's death he felt he had to let somebody know.

At no time were Hathaway, Byrne or Chestnut questioned, or even suspected of murders in England, the detective said.

According to friends, Mr Naan was a civil rights activist and not, as the Army had suspected, a terrorist.

In 1972 Ulster was in uproar. Securian assassinations were happening throughout the province and more than 20,000 soldiers were stationed there.

The Argylls camped near Mr Naan's farm for a couple of days. The night before they left, Mr Naan's body was found in a tyre and Mr Murray's in a ditch nearby. Both had been brutally stabbed in the heart and chest, Mr Naan 17 times and Mr Murray 13.

Then, more than five years later, detectives got their first real lead.

The Ulster detectives worked with two Army Special Investigation Branch men, who produced a list of more than 300 names of Argylls who had served in Ulster.

With the exception of Chestnut, who was working as an assistant oil rigger, the other three were still in the Army.

Hathaway, then serving in West Germany, told his interrogators: "I did the killings. I killed them. I have been having nightmares about it."

Mr Desmond Browne, for Mr David Llewellyn, apologized and said he accepted that the article was untrue.

The standing committee appointed to examine the Bill

Mr Foot's challenge on rise in tax 'take'

By Fred Emery

Political Editor

Realization that unchanged tax rates can mean an increase in the tax "take" by the Government at last dawned yesterday on Mr Michael Foot, Leader of the Opposition, and other Labour MPs.

The report in *The Times* on Tuesday explaining that likelihood as a result of the Government's determination not to raise the rates of personal income tax had earlier been used by Mr Foot to taunt Mrs Margaret Thatcher over possible "leaks". He then took it to mean "that there is to be no increase in income tax in the next Budget".

Yesterday, Mr Foot, newly apprised of Mrs Thatcher's question time in the Commons to agree that the Government had, in spite of income tax cuts, increased the overall real burden of taxation since it came into office.

Mrs Thatcher did not have to agree, since the fact had been stated by Mr Nigel Lawson, Financial Secretary to the Treasury, in his speech at Zurich on Wednesday, which she praised as "intelligent".

The Prime Minister remarked that there had been no increase in personal income tax; the Government had increased its "take" in indirect taxes.

However, a group of Labour backbenchers belatedly discovering from Tuesday's news, reports that the Government was contemplating not raising personal allowances in line with inflation protested that that was as straightforward a tax increase as it is possible to have.

Indicating, perhaps, their own initial reading, they chose to complain that the headlines over the reports had been misleading. A Commons early day motion sponsored by Mr Austin Mitchell, Labour MP for Grimsby, asserted that *The Times*, the *Financial Times* and the *Guardian* "appear to have been victims of government news management on a massive scale" using headlines, repeated extensively by the BBC, giving the impression that the Government had ruled out personal income tax increases.

In fact, *The Times* headline read "Personal tax rates to escape Budget increase".

Radio-linked motor cycles to speed PO mail service

By Our Business News Staff

Twenty small Japanese motor cycles will take to the streets of London in the spring to herald the latest service being launched by the Post Office.

The corporation, faced with the need to cope with the private sector and the host of dispatch riders operating in London, is trying to beat them at their own game.

The "Motor Cycle Express" using radio-controlled machines, is intended to provide collection within 30

minutes of a telephone request, and delivery within two hours, throughout the London area. The radio will enable customers' requests for collection of mail, parcels and motor cycles on the road.

The announcement is the latest in a series of moves designed to make the posts and giro side of the Post Office more competitive with the services which the private sector will be allowed to offer after legislation has been approved by Parliament.

Public hearing possible for Nationality Bill

By Our Political Correspondent

Mr Francis Pym, Chancellor of the Duchy of Lancaster and Leader of the House of Commons, yesterday agreed to consider a request that the Nationality Bill, which has come under attack by immigrants' and civil rights groups, should be the subject of the new procedure being introduced by some Government Bills.

As an experiment the House has decided that selected Bills should be subject to an open examination before the committee stage begins.

The standing committee appointed to examine the Bill

would hold three sittings, where individuals and organizations could put their views. Those views would be taken into account when the committee considered the Bill.

Mr Michael Foot, Leader of the Opposition, has argued that the Nationality Bill is a constitutional measure and that therefore all stages must be taken on the floor of the House. But as a "fall-back" position many Labour MPs say that the Bill should be the subject of the new public hearing procedure.

Mr Pym will give the Government's view after he has taken soundings among MPs of all parties.

Business vote plan aired

By Our Political Editor

The question of restoration of the business vote in local government elections was reopened yesterday by the Prime Minister, somewhat to the mystification of ministers.

Mrs Margaret Thatcher, at question time, ventured that "the rating system is under review", and that the lack of a vote for businesses and commerce "certainly needs having a look at".

The Conservatives have for years been talking about

abolishing the rates system yet circumstances and time have always thwarted them.

Mrs Thatcher said to curb her enthusiasm by admitting that the party's manifesto had not indicated that the rates could be abolished during the lifetime of this Parliament.

Ministers could not immediately explain the Prime Minister's reference to a review. They explained that the Government's economic inheritance from Labour had made it impractical to contemplate the reform in this Parliament.

Shipowners may revive 'final' offer

By Paul Routledge

Shipping employers are preparing to revive their 12 per cent "final" offer to union leaders of the striking seamen only two days after it was officially withdrawn.

That was made clear yesterday by senior negotiators of the General Council of British Shipping who were responsive to suggestions in the media that the offer might prove acceptable to the National Union of Seamen if it was reshuffled.

But officials of the NUS were sceptical about the offer, such an offer would be accepted unless it could be proved that at least 12 per cent would be paid, and not partially clawed back by arbitrary reductions in overtime, aboard ship.

The hint of a shift in the employers' attitude came after a meeting of the general council's industrial relations committee, when the shipowners' chief negotiator, Mr Roderick McLeod, said: "We do not rule out the possibility of a return to 12 per cent in future pay negotiations."

Meanwhile, Mr James Slater, general secretary of the NUS, told a mass meeting of seamen in Hull that the dispute would end if the shipowners were prepared to go to arbitration.

The employers, while ready to reopen talks about the possible distribution of their 12 per cent offer, insist that the offer is final.

New Orleans-A British grain carrier, Federal City, was anchored in the Mississippi yesterday, her 16 seamen on strike and her officers refusing them access to hot food.

The crew said officers raised the anchor and manned the wheel without the assistance of seamen. They were later told after they had declared a full strike that galley stoves were out of bounds. The captain was said to have cancelled an order for steaks listed in provisions.

—AP.

Steelmen reject BSC 'survival plan'

By Our Labour Editor

Steelworkers in the industry's largest union are understood to have voted "No" to the British Steel Corporation's "survival plan", involving 22,000 redundancies.

Unofficial but reliable reports from the Sheffield area last night indicated that South Yorkshire steelmen, who are among the most militant, had registered a 73 per cent rejection of the closure programme in a ballot conducted by the Iron and Steel Trades Confederation (ISTC).

That result ties in with reports filtering in from other steelmaking areas that despite acceptance of nearly 1,000 job cuts at Port Talbot and Llanwern last week, the steel process workers are showing loyalty to the union rather than to Mr Ian MacGregor, the corporation's chairman.

The outcome of a rival ballot of the entire BSC workforce is due to be announced soon and the corporation expects that it

will show a majority in favour of its package of job and production cutbacks.

On Thames Television's TV Eye programme last night, Mr MacGregor said that if the survival plan did not succeed then the industry would face "very substantially harsher decisions" by the middle of this year. The industry had not been efficient until recently.

The Sheffield ISTC sources said that 73 per cent of local steelmen had voted against "proposition two" of the union's ballot, which asked: "Do you endorse the corporate plan, which will create at least 22,000 further redundancies?"

They had also voted against the corporation's proposal of a voluntary pay freeze until July 1, followed by 7 per cent wage rises.

Reports from other steelmaking areas with less firm figures have supported that general outcome, which will pose a serious dilemma for the British Steel management.

Workers end restrictions

From Ronald Kershaw

Sheffield

Workers at one of Sheffield's leading special steel and engineering companies have taken the unusual step of calling an end to shop floor restrictive practices. They hope to help the company through the recession and at the same time avoid redundancies.

The management of Firth Brown, which has welcomed the move, believes that the new attitude will bring in work when orders are low.

The initiative came from the company's joint shop stewards committee, which obtained an agreement at a mass meeting for a ban on almost all operating restrictions among the 400 men in the company's machine shop.

Firth Brown employs 4,500 people and similar meetings in the forge and hot working departments are being arranged for next week.

The machine shop decision will mean cooperation on work sharing, flexibility of working to ensure orders are met and an end to spinning out tasks to avoid short-time working.

Mr Jack Illingworth, the shop stewards' chairman, said last night: "We want to foster a better attitude of mind and create a greater awareness of the acute situation the industry is in."

"Restrictive practices have crept in over the years. We are asking the men who have an order to work on, to get it through, even though some of his workmates may be laid off."

British group plans £1,730m Channel rail tunnel

Tarmac Ltd, the Midlands-based construction company, emerged yesterday as the first organization to submit detailed plans to the Government for building and operating a Channel tunnel financed by British and foreign private investors.

The company, which is working in association with the merchant bankers, Robert Fleming, expects that its scheme could be completed by the year 2000 and would cost £1,730m at today's prices.

Based on the Channel tunnel scheme suspended in 1975, the proposals outline the construction of a two-track rail link between terminals near Folkestone and Fretton, near Calais.

The scheme would enable the first trains carrying passengers and goods to be operating within 10 years through a single rail tunnel.

The final phase of the project would involve the addition of a second tunnel on the other

side of the service tunnel to allow for two-way traffic.

Mr Eric Pountney, chief executive of Tarmac, said yesterday that discussions held with "various organizations in France and elsewhere on the Continent" confirmed their interest.

Tarmac's scheme is considerably more expensive than the favourite project which has yet to be submitted to the Government by British Rail and its French counterpart. That envisages a single-track rail tunnel, costing about £800m.

Apart from the advantage of two-way traffic, Tarmac says it will not be seeking any public funds.

Mr Norman Fowler, the Secretary of State for Transport, has made clear that the Government will not provide any money.

Mr Fowler is expected to approve a scheme before the end of the year.

MPs' concern about buyer for 'The Times'

A group of Conservative and Labour MPs last night formally expressed their concern that *The Times*, *The Sunday Times* and the weekly supplements might be sold to an owner "already in possession of substantial press holdings".

Commons early day motion was tabled last night and is sponsored by Mr Philip Whitehead, Labour MP for Derby, North, and Mr Jonathan Aitken, Conservative MP for Thanet, East. It said:

"This House is concerned that Times Newspapers Ltd may be sold to a buyer already in possession of substantial press holdings, thus further diminishing the plurality of ownership and diversity of opinion in Fleet Street; calls for any such bid to be subjected to stringent examination by the Monopolies Commission; and declares its support for the sale of *The Times*, *The Sunday Times* and the supplements to owners who will maintain the editorial freedom and independence from other press empires."

Councils 'defying education Act on handicapped'

By Diana Geddes

Education Correspondent

At least half of the education authorities in England and Wales may be breaking the law by failing to provide education and training for all handicapped people aged 16 to 19 who request it, the Advisory Centre for Education (ACE) said yesterday.

That local authorities have a duty under the Education Act, 1944, to make education and training provision for all 16 to 19-year-olds who want it, including the handicapped, has come to light only recently as a result of a parents' action group, formed to fight Oxfordshire's decision because of spending cuts to cease providing education beyond 16 for children with special needs in the south-east of the county from July.

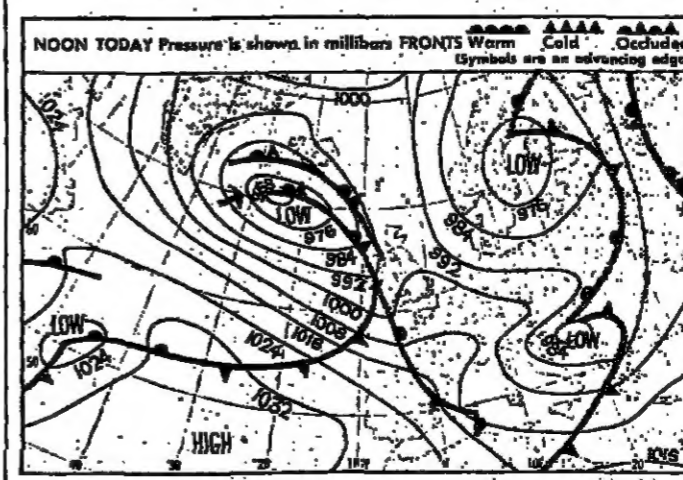
Last June the group appealed to Mr Mark Carlisle, Secretary of State, to use his powers to compel the authority to carry out its duty under the law. The Department of Education and Science has told them that it was still making inquiries into the Oxfordshire authority's plans.

The parents have also written to their local MP, Mr Michael Heseltine, Secretary of State for the Environment, asking for his help. He told them it was up to the (individual) authority to decide how they were to achieve the spending cuts required.

Mr Timothy Brighouse, chief education officer for Oxfordshire, has agreed to meet a group of parents and officers sympathetic to the needs of mentally handicapped young people, and that they hoped to make suitable provision for them in all parts of the county "as soon as money is available".

The advisory centre has written to special schools for the mentally handicapped, asking education authorities asking if such provision was available for all handicapped young people who requested it.

Weather forecast and recordings



Today
Sun rises: 7:39 am
Sun sets: 4:23 pm
Moon sets: 3:45 am
Moon rises: 1:15 pm

Full moon: January 20.
Lighting up: 4:53 pm to 7:28 am.
High water: London Bridge, 9:48 am, 6:40 pm, 10:40 pm, 5:56 am, 10:56 pm, 2:44 am, 10:56 pm, 3:40 pm, 11:00 am, 6:56 am, 5:56 pm, 7:42 pm, 5:56 am, 1:54 am, 6:56 pm, 2:26 pm, 6:56 pm, Liverpool, 7:27 am, 8:00 pm, 7:57 pm, 8:30 pm, 11:00 am, 3:30 pm, 11:00 am, 3:30 pm.

Channel Islands, SW England, S. Wales: Cloudy with rain, preceded by sleet or snow on hills, clearing with showers later; wind S, fresh, veering W, strong to gale; max temp 6° to 9°C (43° to 48°F).

N. Wales: Isle of Man, N. Ireland: Cloudy with sleet or rain, spreading E, turning to rain, showers and clear intervals later; wind SE, fresh, veering W, strong to gale; max temp 6° to 9°C (43° to 48°F).

Lake District, SW Scotland, Argyll: Dry and bright at first, cloudy, with sleet or snow spreading, turning to rain at low levels, then clearing; wind SE, strong to gale, veering W; max temp 3°C (37°F).

NE England, Borders, Edinburgh and Dundee, Glasgow, Central Highlands, NW Scotland: Mostly dry with sunny periods, becoming cloudy with sleet or snow, heavy falls possible, especially on hills; wind W, backing SE, light to increasing; strong; max temp 2°C (36°F).

Aberdeen, Moray, Fife, NE Scotland, Orkney, Shetland: Scattered snow showers, sunny intervals, becoming cloudy later; wind NW, moderate, backing SE or E, fresh; max temp 1°C or 2°C (34°F to 36°F).

Outlook for tomorrow and Sunday: Sleet or snow in NE at first, otherwise sunny intervals and showers, westerly in N; further rain spreading to SW.

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Thomson have thousands of American holidays for 1981 and it's not too late to book. They range from beach holidays in Miami, to tours like the Wild West Tour or the Sunshine and Jazz Tour. And you can even go as far as Mexico or Hawaii.

A BIGGER RANGE THAN THE ROCKIES

Flights depart from Prestwick, Gatwick, Manchester and Newcastle, and you'll find full details in the Thomson America brochure. So ask your travel agent for one now.

Thomson America

Holidays subject to availability. ATOL 1521 BC.

For a Motorail brochure, ring 01-603 4555 (24 hrs) or add your name and address and post this advertisement to: Motorail Reservation Office, Kensington Olympia Station, London W14 0NE, or ask at principal stations or BR agents.

Motorail

Put your car on the train. It's a most relaxing way to start your holiday - on any of our 21 countrywide routes.

Motorail saves you effort, Motorail saves you time and Motorail can save you money.

Take the car the easy way.

مكتبة من الأصـل

The least expensive three door hatchback in Britain.

Only £2849[†] in spite of inflation.

Did you think you'd have to pay over £3,000 for a hatchback as advanced as the Fiesta? Or otherwise settle for a second hand car?

Well, you don't any more. Because now Ford introduce the Fiesta Popular.

The Popular has all the engineering features that make the Fiesta so economical. And all the space that makes it so comfortable.

But in spite of inflation, you can buy one new for only £2849[†]. So it's extraordinary value for money. It actually costs less than any comparable car.

But then Ford have always done their utmost to keep the cost of motoring in check...

Spend less on petrol.

The Popular has the Fiesta's advanced 957cc (40BHP DIN) engine.

So although it has plenty of get up and go, it knows how to conserve its energy.

Maximum speed is over 80 mph*. And, at a constant 56 mph, a gallon of two star will take you over 50 miles*.

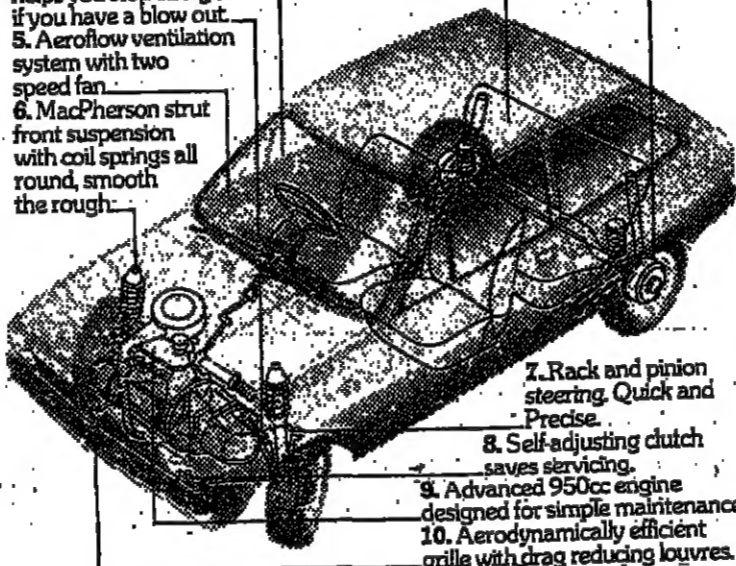
Spend less on service.

Soon after it was introduced the

original Fiesta won a Design Council award for low cost of ownership.

The Popular has all the same mechanical components that contributed to that award. Like the self-adjusting clutch. And brakes that can be checked for wear without removing the wheels.

1. Diagonally split dual brake circuits with front discs.
2. Folding back seat gives 42.6 cu ft of luggage space.
3. Laminated windscreen for safety.
4. Negative scrub suspension geometry helps you stop straight if you have a blow out.
5. Aeroflow ventilation system with two speed fan.
6. MacPherson strut front suspension with coil springs all round, smooth the rough.



It goes 12,000 miles between standard services with only a minor service at 6,000. Its parts are moderately priced and the

car is simple to repair so insurance premiums are usually very competitive.

And the body is protected by a 19 stage anti-rust treatment which includes total immersion in anti-corrosive paint and wax injection into doors and box sections.

This naturally helps keep resale value up.

Enjoy more space.

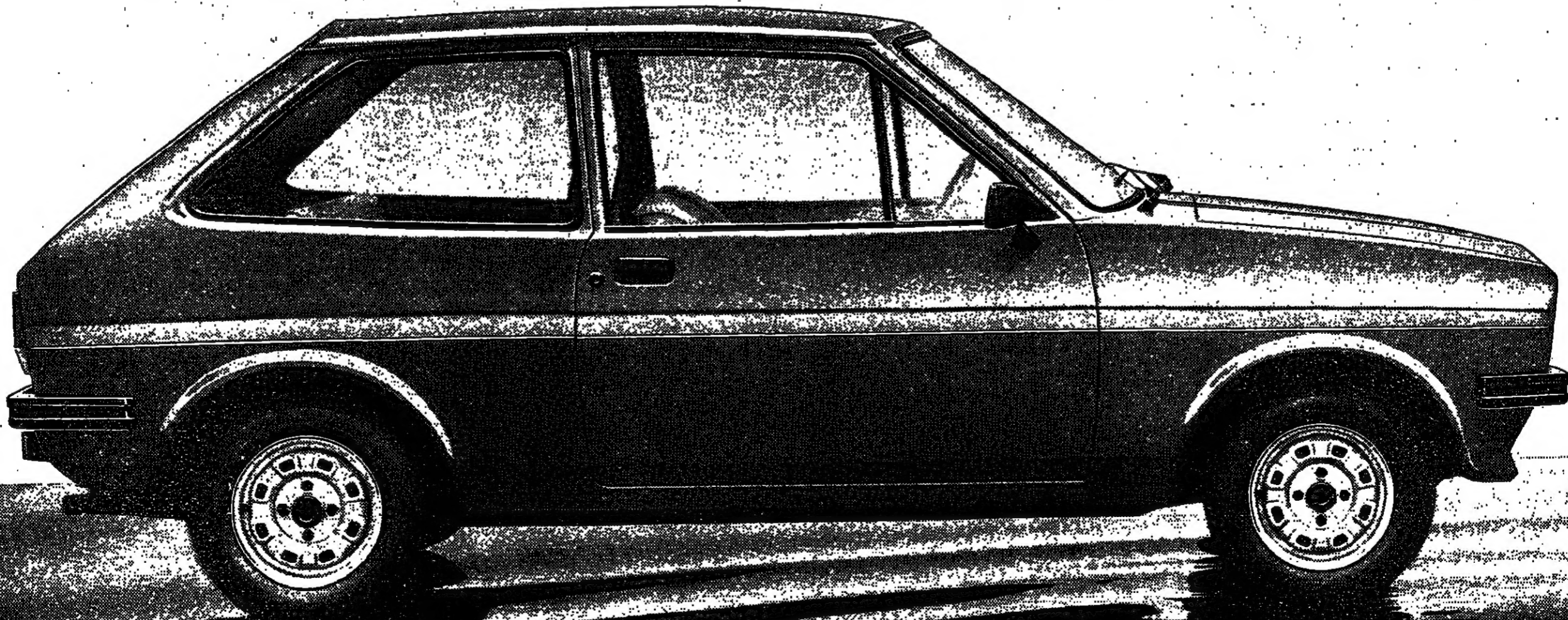
Like all Fiestas, the Popular is either a very roomy four seater or a simply huge two seater.

Its luggage capacity with its back seats folded is 42.6 cu ft and a low rear sill makes it easy to load. With so much space to stretch out in, and with coil springs all round, you'll be very comfortable.

If you'd like a little extra equipment, there's also a Fiesta Popular Plus which has such additional attractions as a rear package tray, rear screen wash/wipe, cloth trim and a centre console with clock.

And if you'd like a little extra protection, you can ask for Extra Cover - Ford's optional warranty. It takes over when your first 12 month warranty expires. One year extra costs £48^{††}, two years costs £96^{††}.

Both Popular and Popular Plus are at your Ford dealers now.



The new Fiesta Popular.

£2849[†]

FIESTA POPULAR



HOME NEWS

Irregularities claimed in city of London Corporation elections

By Christopher Warman
Local Government Correspondent

Election procedures for aldermen and councillors on the City of London Corporation are under scrutiny because of irregularities alleged to have taken place in recent elections.

The corporation's policy and resources committee is considering the operation of the City franchise, and the Council of Aldermen is looking at the procedures for its own election.

Mrs Edwina Coven, who was twice elected an alderman and twice rejected by the Court of Aldermen, asked at a meeting of the council yesterday for a select committee to be formed to consider the matter. This was not accepted.

Discontent has been growing over procedures for some time, and the latest complaints concern the right of people to vote in more than one ward in City elections. Mr Michael Cassidy, a member, raised the question at yesterday's meeting, claiming that there had been voting irregularities in the elections to the Court of Common Council in December.

Mr Gordon Wixley, chairman of the policy and resources com-

mittee, replied: "I am not sure that I can accept that there were irregularities". The question involved the use of postal votes, he said, and changes had been made in that procedure.

Under the rules guiding elections, partners in the largest private firms, with more than 20 partners, can vote in wards where the firms have premises.

He said that one large firm of chartered accountants had offices in three wards; ward lists showed that all partners were entitled to vote in each ward.

Another member, Mr Hyam Liss, said that a system where electors had more than one vote was unfair, and urged that voting be restricted to one per person.

Mr Wixley answered that the question would be referred to the committee considering the franchise.

One of the main concerns among members of the council is that the City corporation is not treated as other local authorities are under the Representation of the People Act, 1949. Mr Cassidy believes that the election last December might have been declared invalid under that Act, but the City is exempted from some of its provisions.

MPs back disclosure Bill, says Mr Benn

By Peter Hennessy

Mr Wadsworth Benn, former Secretary of State for Energy, predicted yesterday that an all-party alliance of backbench MPs would prevail against the upholders of prime ministerial and Civil Service power in the Commons and force the Freedom of Information Bill published on Wednesday on to the statute book in the present session of Parliament.

Speaking at a Westminster press conference organized by the Labour Committee for a Freedom of Information Act, Mr Benn said: "I think it is a Bill we can pass. It is a battle where you are up against the centre of power in government, which is the Prime Minister and the permanent secretaries on one side, with ministers dragged along, and all other backbenchers on the other side."

The Bill, drafted by the now defunct Outer Circle Policy Unit, is sponsored by Mr Frank Hooley, Labour MP for Sheffield, Heeley, and will have a second reading debate on February 5. Mr Hooley expressed confidence yesterday that he had sufficient support from Labour, Liberal and nationalist MPs and some Conservative backbenchers (he would not offer a figure for his Tory support) to secure a committee stage for the Bill.

Its strategists, however, expect difficulty at the report stage. It is a complicated measure that will need more than one day on report, and is unlikely to be offered time by a Government hostile to its fundamental provisions.

They include a reduction of the 30-year rule for Cabinet papers to 10 years, a drastic curtailment of the areas of unauthorized disclosure liable to criminal penalty under section 2 of the Official Secrets Act, 1911, and creation of a public right of access to departmental documents, subject to seven exemptions as follows:

1. Papers that might impair the defence or security of the United Kingdom.

2. Documents whose disclosure could damage dealings with foreign governments.

3. Information relating to negotiations or decisions affecting the level of sterling or the reserves.

4. Law enforcement material whose disclosure might endanger life or assist the commission of crime.

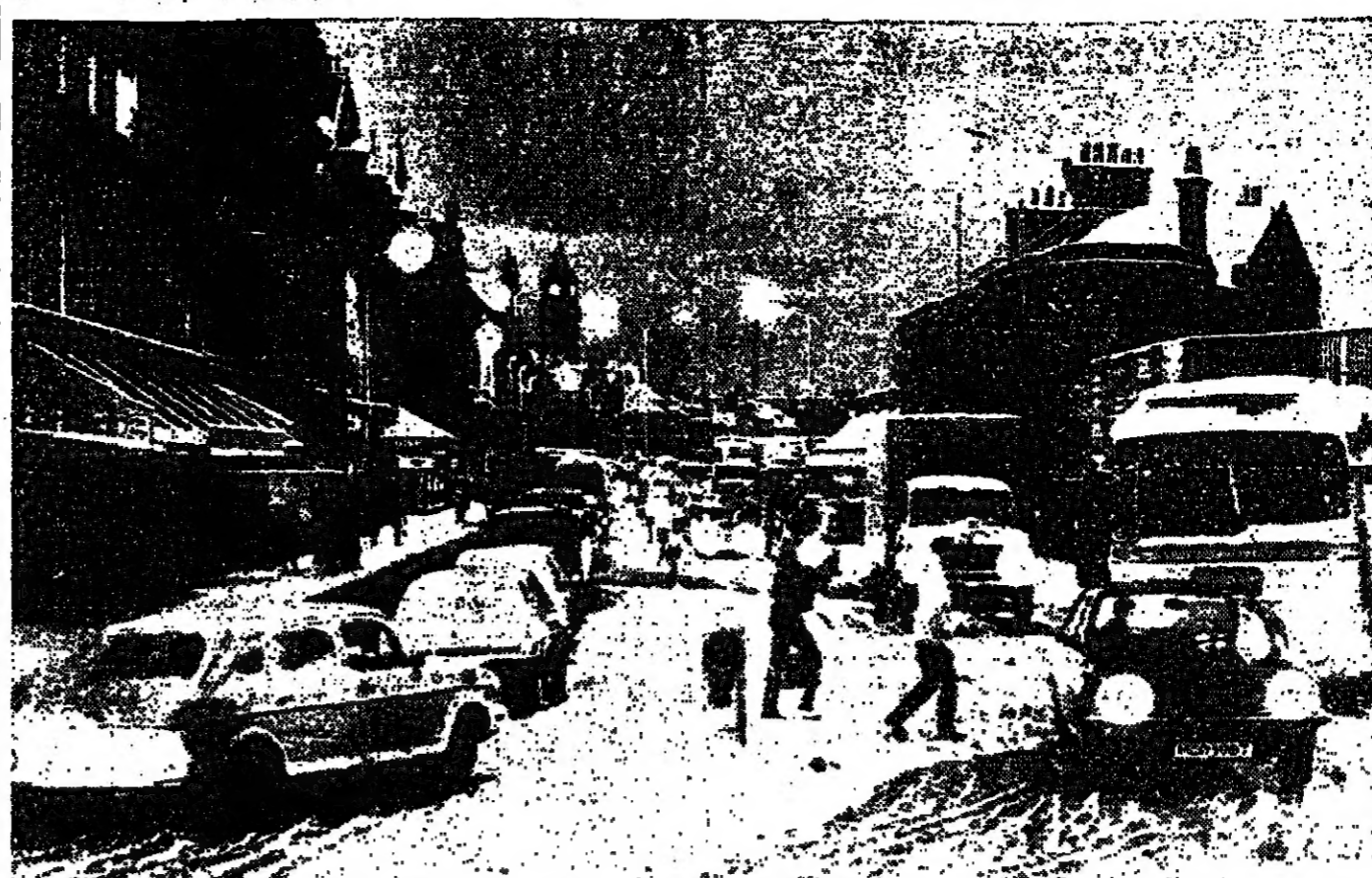
5. Documents covered by legal privilege.

6. Commercial information whose release might damage the competitive position.

7. Documents relating to living persons where disclosure would amount to an invasion of privacy.

For its part, the Government seems confident that the Bill can be killed before it reaches the statute book.

As one Whitehall veteran of the fight against a similar Bill introduced by Mr Clement Freud, Liberal MP for the Isle of Ely, which fell at its committee stage with the Callaghan administration in 1979, put it recently: "I am not worried one bit. This Bill has about as much chance of passing as Rochdale has of winning the Cup."



Winter snow: The scene in Guild Street, Aberdeen, after a snowstorm. Similar conditions prevailed in many other areas of Scotland and northern England after heavy snowfalls early yesterday. The weather was particularly severe in Aberdeenshire, with gale force northerly winds and temperatures well below freezing. Striking dockers at Aberdeen allowed the St Clair, a ferry carrying supplies of milk and bread for the Shetland and Orkney Islands, to sail after another vessel had broken down. Flights at Glasgow airport were halted because of a 24-hour strike by firemen, but by the late afternoon the men had cleared to runways. In many parts of England roads were blocked by snow. icy conditions also made the going difficult. In the Manchester area all motorways were affected by heavy snow and a blizzard struck the M6 in Cheshire.

'Smokers can give others lung cancer'

By Our Medical Correspondent

Powerful support for anti-smoking campaigners is given by a research report from the British Medical Journal which shows that lung cancer occurs in non-smokers more frequently if they are married to heavy cigarette smokers than if they live in a non-smoking household.

The findings come from a research project by Dr Takeshi Hirayama, chief of the epidemiology division of the National Cancer Research Institute in Tokyo, in which he looked at the causes of death in 260,000 men and women aged 40 and over in 29 health districts.

In the 14 years of the study 346 women died from lung cancer; 245 of those were married and 174 were also non-smokers.

The mortality rate was twice as high in those married to men who smoked 20 or more cigarettes daily than in those married to non-smokers. That difference in risk remained the same when allowances were made for age and occupation.

The risk was even higher in rural districts, where there was a fourfold difference in mortality between women married to smokers and to non-smokers.

Dr Hirayama estimates that the effect of exposure to cigarette smoke is about a third to a half that of direct smoking in terms of relative risk. In countries such as Japan, where only 15 per cent of women smoke, the effect of passive or involuntary smoking is relatively more important.

Passer-by snaps up Gipsy Moth III

By Frances Gibb

Sir Francis Chichester's yacht, Gipsy Moth III, in which he won the first single-handed transatlantic race, was sold at auction for £30,000 to a passer-by on a pavement in Knightsbridge, London, yesterday.

Mr Gunther Stoekel, a Swiss antique dealer, said he was visiting Bonhams, the auctioneers who conducted the sale, to buy some furniture and had decided on the spur of the moment to bid "just for fun".

Stunned by the applause and attention which descended on him as the ivory grey boat was banged on the yacht's hull, Mr Stoekel, who lives in Ibiza, said: "I am very glad I have bought it. It is a very nice boat and I hope to sail it in Spain."

He had heard of the yacht, he said, and its historical links had persuaded him to bid on his way to the furniture sale.

Lady Chichester, who with her son Giles was at the sale, pushed through the crowd to meet the yacht's new owner. "I am very glad you have bought it," she said, "and I hope it will bring you joy."

Mr Stoekel's bid saved what was nearly a sticky day for the auctioneers. The 39ft yacht, their biggest lot to date, drew a crowd of about 70 potential buyers, who huddled around the vessel in the biting wind.

But even the rum today provided failed to warm the bidding beyond £15,000. Mr Nicholas Bonham, head of the firm, urged buyers that this was a rare chance to buy a piece of Britain's great sailing heritage. "Nor would any buyer's premium (a 10 per cent surcharge) be added, he said.

In vain he tried to joke the bidding along. "Are you directing the traffic?" he asked a policeman, "or making an offer?" But the level stuck obstinately at £15,000. "Surely it is worth more than that?"

Mr Bonham said. Then, with Mr Stoekel's interest, the bidding took off.

The yacht, designed by Sir Robert Clark, who was later to design Gipsy Moth V, was the last of Sir Francis's great yachts available for sale.

Gipsy Moth IV is on sale on concrete beside the Cutty Sark and owned by the Greater London Council. Gipsy Moth V is owned by the Chichester family.

Lady Chichester said she had particularly fond memories of Gipsy Moth III because it was the first boat, apart from dinghies, that Sir Francis had owned after recovering from cancer.

The yacht was sold yesterday by a journalist, a headmaster and a businessman, who owned it jointly. One of them, Mr Brian Moynahan, a journalist with *The Sunday Times*, said they were pleased with the price.

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In brief

Attempt to kill PC alleged

Stuart Blackstock, aged 26, unemployed and of no fixed address, was remanded in custody for a week by magistrates at Uxbridge, London, yesterday in connection with last month's shooting of a London traffic policeman.

He was accused of attempting to murder Police Constable Philip Olds, aged 28, at Willow-tree Lane, Hayes, on December 2. He was also accused of attempting to rob Edward Ball.

Boxer appeal buys hospital equipment

Equipment worth more than £100,000 has been bought for the Prince Charles Hospital, in Marbury Tydfil, with money from the appeal fund for Johnny Owen, the Welsh bantamweight boxer who died 45 days after being knocked out in a world title fight in Los Angeles last September. An inquest into his death will be held in Los Angeles in March.

Heroin stolen

Strathclyde police said yesterday a briefcase containing heroin as well as sleeping tablets and pain killers, stolen from a doctor's car at Stobhill Hospital, Glasgow, could be dangerous if taken by children.

Mr Bosanquet arrested

Mr Reginald Bosanquet, aged 48, the former television news reader, was arrested in Covent Garden, London, yesterday, and charged with being drunk and disorderly. He is to appear before Bow Street magistrates today.

PC suspended

Police Constable Martin Lincoln, of Bedford, has been suspended after investigations into a world title fight in Los Angeles last September. An inquest into his death will be held in Los Angeles in March.

Helping the rates

East Northamptonshire District Council is to consider selling advertising space on the back of rate demands and is hoping to save nearly £2,000 a year by sending out only one rates bill.

Church demolished

Workmen yesterday began demolishing St Oswald-in-Umser church, at Broadwaters, Herefordshire, Hereford and Worcester 17 years after it was built for £150,000, because engineers have said it is unsafe.

Lord Denning recovers

Lord Denning, Master of the Rolls, was back at work yesterday afternoon in the Court of Appeal after spending two days at home with a stomach illness.

Architects earn less

New commissions won by private architects slumped in the third quarter of last year by 9.2 per cent to £1,304m, a 12-year low record.

Woman of 92 to marry

Mrs Mary Roach, aged 92, is to marry Mr David Powell, aged 84. Both live in a home for the aged at Pontardawe, in the Swansea Valley.

Monitoring of garage servicing planned

By Peter Waymark

Motoring Correspondent

The Consumers' Association and the Motor Agents' Association are exploring the possibility of setting up independent machinery for the monitoring of garage servicing standards.

The two bodies met yesterday to discuss a report on garage servicing published in the Consumers' Association magazine, *Which?*, which claimed to reveal "an appalling picture of incompetence and dishonesty".

The magazine took cars anonymously to 50 garages for a full service according to the manufacturer's specifications and found that only two came out of the garage with the job properly done. One garage charged £40 for little more than an oil change.

Miss Rosemary McRobert, deputy director of the Consumers' Association, said after yesterday's meeting: "This is the fourth report we have done on garage servicing and we intend to follow it through."

She said they had put forward

two suggestions for improvement. The first was to strengthen the code of practice for the motor industry drawn up by the trade in cooperation with the Office of Fair Trading.

The other was to establish machinery for monitoring garage standards.

The Motor Agents' Association agreed that it should be possible to set up an independent monitoring system, which suggested that the Office of Fair Trading and local trading standards officers could be involved.

On the *Which?* allegation, the association said: "We feel that the report painted a far blacker picture than the reality. If what it is saying were representative, the highways of Britain would be littered with the carcasses of motor cars."

However, there is evidence that in a number of cases instructions were not carried out to the letter. We have the names of all the garages concerned and they are being invited to answer the charges laid against them.

Faroes threat to salmon

By Hugh Clayton

Agriculture Correspondent

The Government has sent a warning to the European Commission about a threat to stocks of salmon in British waters caused by a sharp increase in catches by boats from the Faroe Islands. The Ministry of Agriculture, Fisheries and Food said yesterday the salmon caught in Faroe waters were often from British waterways.

Salmon from rivers in North

America and Western Europe swim to feeding grounds off Greenland before returning to their native rivers to produce eggs.

The Atlantic Salmon Trust said yesterday that Faroe catches had risen from a total of 50 tonnes in the 1978-79 season to 700 tonnes last year.

Viscountess, Sir Hugh Maclean, chairman of the trust, said in London that the Faroe catch might reach 1,000 tonnes in the present season.

Judge adjourns siege trial as counsel is ill

The trial of Fowd Nejad, who has denied the murder of two hostages at the Iranian Embassy in London, was adjourned at the Central Criminal Court yesterday because Mr Richard Du Cann, QC, his counsel, is ill.

Mr Justice Frie told the jury that Mr Du Cann had influenza and was unable to be in court. He said: "It would be wrong for this trial to continue on these two serious charges with this defendant deprived of the services of his very experienced leading counsel." He adjourned the trial until next Monday and passed on Mr Du Cann's apologies to the court.

Editor blamed for not publishing letter

The editor of the *New Statesman*, Mr Bruce Page, is criticised today for "lack of cooperation" in a Press Council investigation into a complaint against his journal.

The council said that Mr Page published an article alleging corruption and incompetence among British civil servants in Hong Kong, then broke an apparent undertaking to publish a timely response. It upheld a complaint by the Civil Service Union that having made the allegations, and having implied collusion by a union officer in a cover-up, Mr Page declined to allow the union the opportunity for reasonable space to reply.

The *New Statesman* reported by Duncan Campbell, alleged corruption and abuse of

personal allowances in Government Communications Headquarters (GCHQ), secret agency monitoring world communications.

After Mr Leslie Moody, general secretary of the union, complained to the council, Mr Page replied that the *New Statesman* did not conduct business with the Press Council, which he said was a body devoid of useful powers, and a bulwark of the press campaign to blacken the name of the trade union movement.

He said that Mr Moody's desire to defend his membership would have been met by a shorter letter, which would still be published if received.

Mr Moody told the council that the invitation came a month after the offending

article appeared, and publishing a short letter after six weeks would reduce its value. The Press Council's adjudication was:

Having published an attack making wide-ranging allegations of this nature, the *New Statesman* should have given the Civil Service Union an opportunity to reply. The Press Council accepts that the letter suggested for publication was over-long, but it criticises the editor for breaking his apparent undertaking to publish a response in the following week's issue. The complaint against the *New Statesman* is upheld.

The Press Council regrets the lack of cooperation by the editor in its investigation and consideration of the complaint, particularly as this was concerned with a matter of such general importance, and an obligation to generally accepted, as the opportunity to reply to a published attack.

Woman dies in fire

Mrs Blanche Reeve, aged 92, died yesterday after her sleeve caught fire while she was cooking breakfast at her home in New Road, Chalfont, Surrey.

DPP studying report on baby death

The Director of Public Prosecutions is studying papers sent by Derbyshire police on the death of a three-day-old baby with Down's syndrome in Derby City Hospital. He said yesterday that he would be seeking counsel's advice within a week.

Police started inquiries into the baby's death last summer and Det Supt James Reddington has made a report. It was understood that a doctor was among those interviewed.

The father of the baby, Mr John Pearson, who has a grocery business at Works-worth, said yesterday: "The whole matter is very distressing. We did not make the original complaint and we are seeing our solicitors today and are unable to make any comment."

Moonies' leader covers his costs in libel action

The leader in the United Kingdom of the Moonies religious sect, Mr Dennis Orme, yesterday paid the final instalment of £135,000 to cover the costs of his High Court libel action against Associated Newspapers.

Mr Justice Croomy had warned Mr Orme that his case would be dismissed if he failed to guarantee payment of £215,000 towards defence costs in the event of his losing the action.

The libel trial, which began last October, is still less than half way through. Lord Ravlin-son, QC, for Associated Newspapers, said yesterday that once Mr Orme's case was finished the defence would submit that the words complained of did not refer to Mr Orme, if

that submission was upheld, the case would end.

Mr Orme is claiming damages over a *Daily Mail* article in May 1978, which alleged that the Union Church, the Moonies' official name, brainwashed converts and broke up families. Libel is denied.

The judge said yesterday that his dispute about the three months the jury had so far spent on the case had been reinforced by Lord Lane, the Lord Chief Justice, who was looking into the whole matter of time estimates for jury trials to ensure that the experience of the jury in this case never recurred.

The trial was adjourned until next Monday to allow Lord Ravlin-son to complete another High Court case.

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WEST EUROPE

Red Brigades gunmen free kidnapped judge in Rome street

From John Earle
Rome, Jan 15

Judge Giovanni D'Urso, the most prominent victim of a Red Brigades kidnapping since the murder of Aldo Moro in spring 1978, was freed today after 34 days in confinement.

The judge, a Sicilian, aged 48, employed in the Justice Ministry's prisons department, was "sentenced" to death like the Christian Democrat statesman, but released after the views of the Brigatisti—those in those in maximum security jails—were given wide publicity.

[Judge D'Urso told investigators he was held captive chained to a camp bed in a tent, which was inside a room in a flat, shop or garage. He was forced to listen to the music of the Red Brigades, presumably to disguise noises from outside. Judge D'Urso said his prison was prepared in advance and he was driven to it almost immediately after he was kidnapped.

Police said Judge D'Urso described how he was ambushed near his home on December 12, hit over the head, hooded and driven for about two hours to his "prison". During his captivity he saw only two people: His guerrilla interrogator and "housekeeper", both of them always hooded.

The only time the music stopped, Judge D'Urso said, was when the "housekeeper" was an educated man with a know-

ledge of the Italian justice and prison systems.

Judge D'Urso, however, said the questions were "useless, because he already knew all the answers". All he was required to do was fill in details of his working relationships with magistrates and officials whose names his captors already knew.

Judge D'Urso said he has been allowed to hear appeals broadcast for his release by his wife and daughter, but otherwise he had had no news.

The only time he had feared for his life was last night, when his captors gave him back his clothes and loaded him, blindfolded and with stereo headphones, into a lorry.—Reuter.

Bound and gagged, the judge was found in the back seat of a locked Fiat car with false number plates after a telephone call at 7.38 am to the Italian news agency Ansa.

Over his ears were headphones from a portable radio playing music. The car, which was stolen, was parked in the old Jewish ghetto, about 250 yards from the ministry where the judge works and about 150 yards from the side street where Signor Moro's body was found.

Police immediately set up road blocks. They said they were looking for a white BMW car with Rome number plates, driven by a man with a dark mustache and with two other passengers. The judge's captors had been expected since yesterday, when a Red Brigades



Headline for freedom: A Rome newspaper announces the release of Signor D'Urso.

leader found near the opera house, said they were letting him go as an act of magnanimity because their objectives had been achieved.

The judge, unshaven and still wearing the clothes in which he was seized while returning home on the evening of December 12, was in good physical health. He was taken to the main police headquarters, where he embraced his wife and two daughters and answered questions for two and a half hours.

The release, which was greeted with relief by President Sandro Pertini, the Pope, and representatives of all political parties, came while the Chamber of Deputies was debating terrorism after a low-key introductory speech yesterday by

Signor Arnaldo Forlani, the Prime Minister. The debate is due to end with a vote of confidence.

Beyond the general satisfaction, however, opinions were sharply divided. Enthusiastic if not euphoric comments came from the socialists, the second party in the coalition, and from the small Radical Party, whose members last week visited the prisoners in two maximum-security jails, Trani and Palmi.

They claimed that willingness to compromise and the publication of the prisoners' proclamations in the press had paid dividends and saved the judge's life.

The other parties, particularly the Republicans in the coalition, the Liberals and the Communists, took a more sombre tone, emphasizing that the battle against terrorism was far from

won. It was made known from the Quirinal Palace that President Pertini was also of this opinion. The Communists posted up placards which, beyond expressing satisfaction that a life had been saved, accused the Government of "inadmissible concessions".

Indeed, except among Socialists and Radicals, political attention is focused sharply on the effects of the Red Brigades tactics, that appear more refined than at the time of the Moro kidnapping. Besides dividing the political world, they have split public opinion and the press, with some important newspapers publishing the

proclamations of the Trani and Palmi prisoners in full, though most held out against this.

Portuguese President enjoys the limelight

From Richard Wigg
Lisbon, Jan 15

The Portuguese Government presents its programme to Parliament tomorrow, but the event seems certain to be overshadowed by the speech made yesterday by President Eanes when he was sworn in for a second five-year term.

The contrast in terms of experience between Senhor Francisco Pinto Balsemão, the 45-year-old former magazine editor who has only just taken over as Prime Minister of the ruling coalition, and President Eanes, the 45-year-old former general, who has five taxing but generally successful years in office behind him, is there for all to see.

The Prime Minister has a parliamentary majority just as long as the 134 votes of the governing coalition hold together in Portugal's 250-member Assembly of the Republic.

President Eanes, however, is at the height of his power and influence after winning 56 per cent of the popular vote under Portugal's semi-presidential, semi-parliamentary system last month—despite all the efforts of the ruling Democratic Alliance to stop him winning a second term of office.

While the Government's programme tomorrow will have to take account of the domestic worries, the President in a speech which showed him fully aware of his stature upon Portugal's political stage, was able to enjoy the easier task of outlining the country's future.

It seems that the essential consolidation phase of Portuguese democracy has been accomplished after the two elections of last autumn. But President Eanes would be the first to say that the political framework must now be filled in with genuine social and economic justice—and he did that yesterday, castigating those who sought to react to a Western world in crisis by returning to old authoritarian formulas.

His speech dealing with the "grand orientations" of Portugal—its indispensable modernization and adaptation to a profoundly changed world after the whole European colonial

era had ended—was, as the President noted, reminiscent of presidential addresses in France's Fifth Republic.

But the Portuguese system is not like the Fifth Republic and the "grand orientations" will be quickly brought down to earth in tomorrow's government programme.

President Eanes felt confident enough to surrender certain powers from next month, he announced, he would no longer combine being the Commander-in-Chief of the Armed Forces with the presidency.

He thus completes the "normalization" of Portugal's Armed Forces after the post-1974 revolutionary phase.

The President was making his contribution to the Democratic Alliance's intention to transform Portugal into "a full Western democracy", with its Armed Forces under the control of the civilian government. To achieve this the constitution must be amended and the Council of the Revolution—the Armed Forces watchdog—wound up. This seems likely to happen by June.

The Socialist Party, however, has already indicated a certain unease that the Government might be tempted in turn to interfere inside the barracks too much.

The right-wing Centre Democrats, and some of the more conservative Social Democrats of the Prime Minister's own party in the coalition, today began sniping at the President for "interfering" with his striking call for Portugal's pluralist democracy—the most used phrase in his address—to include a press and state-run television and radio, free from government pressures.

President Eanes again took the high ground, uttering words which pleased Portugal's professional journalists (as opposed to the party hangers-on cooped for the jobs) after wearying months of all kinds of pressure ordered by Dr Francisco Sá Carneiro, the late Prime Minister, when the bitterly fought general and presidential elections were under way.

Six detained Corsicans end hunger strike

From Our Own Correspondent
Paris, Jan 15

Six Corsican autonomists decided today to end their hunger strike after the Court of State Security ruled that they would be tried in their absence on charges of kidnapping and being members of an armed band.

Four of them were medically unfit to attend the hearing when it opened yesterday. The six, who have been on hunger strike for nine weeks, said that since the court was determined to judge them, whatever the circumstances, "our suffering has become useless".

The hearing is likely to be adjourned for a few days so that men who were on hunger strike, can recover sufficiently to attend the hearing.

In its ruling today the court said that those on hunger strike, like two others who were refusing to attend the hearing, had made a voluntary decision not to appear. The hunger strike, it said, was an attempt to exert pressure on the court "in the same way as a street demonstration".

The court also said that the prison service was in no way wrong in having taken the necessary steps "conforming to the right to live" to give medical care to those on hunger strike.

The case of two other defendants, whose lawyer produced a medical certificate stating that they were unfit to attend, would have to be heard separately, the court decided, although it commented that the certificates "were not very convincing".

The present hearing will deal with the case of 15 defendants—including the six who were on hunger strike. The case arises out of an incident a year ago when Corsican autonomists tried to hold prisoner two men who they alleged were the leaders of France, the terrorist organization, which fights against the autonomists.

France sets aside £10m for 'gasohol'

From Ian Murray
Paris, Jan 15

The French Government has agreed to fund a multi-million-pound research programme to substitute alcohol for petrol in the tanks of the nation. If the plan succeeds, the Government hopes that by 1990 half the fuel it needs for transport will be home-grown.

Next year 100 million francs (about £10m) will be made available for research and development products and engines. Methanol from wood, gas or coal is one line of the research, another is the hydrolysis and fermentation of crops, like straw, sweet corn, and globe artichokes.

Mr André Girard, the Minister for Industry, told the Cabinet that existing research had led his department to believe that within four to five years it should be possible to save 10 per cent of the nation's oil consumption.

France's automobile constructors have already told the Ministry they will cooperate with the programme and say that with only minor modifications it should be possible to meet the new requirements, even using existing models.

The next stage envisaged by the programme is the introduction of a fuel, with a much higher proportion of alcohol, which would be sold by garages along with the more traditional fuel.

The potential saving in energy-conscious France is estimated as being in the region of 1.5 million tonnes of oil annually in the first stage and up to 12 million tonnes a year by 1990.

To succeed the programme would seem to require a vast increase in the necessary crops. Wood, which is one of the best sources of alcohol, is already in great demand for industry and paper pulp.

However, the research projects are finding other useful sources of vegetable power—sunflower and rape oil can be used in diesel engines, and beetroot and sugar cane can help produce alcohol-laced fuel, although beet prices are currently too high.

According to one government report, the best crop to use would be the globe artichoke, which tradition claims was the mainstay diet of the French during the Second World War.

Brazil, which last year mixed 3.8 million tonnes of sugarcane alcohol with petrol for use in cars, currently has the largest programme of this type. Its use of sugar cane for fuel has had a marked effect on world sugar prices.

Other countries, including Japan, West Germany and Canada, have launched experimental programmes for oil substitutes, but none on the scale of that France has proposed.

The modifications, he said, would mean that the new power station would be reduced in height so that it could not be seen from either the top of the peninsula or the town of Ploegf. In addition, a special zone would be prepared for marine culture, which would bring fresh jobs to the area. The power station must not

Chief Burgomaster of West Berlin resigns

From Gretel Spitzer,
Berlin, Jan 15

Herr Dietrich Stobbe, the Chief Burgomaster of West Berlin and his Social Democratic-Free Democratic government resigned after barely two years in office today. He announced his decision to leave the post after the approval of the House of Representatives for the appointment of four members of the Senate, the city government, after a reshuffle.

While Herr Stobbe's defeat came as a shock to the public, it did not surprise political observers. Lack of leadership, a financial scandal and housing problems have caused widespread criticism of his government for some time.

As a result, the Social Democratic Party, which has been in power since the last elections, lost considerable support in the city. But spokesmen for the coalition parties said they were determined to continue their coalition and would submit the names of new candidates for the offices of Chief Burgomaster and senators to the Berlin House of Representatives within 21 days.

Herr Willy Brandt, chairman of the Social Democratic Party, and Herr Hans-Jürgen Wiese, deputy chairman of the party, flew to Berlin tonight after talks with Herr Helmut Schmidt, the West German Chancellor.

The Christian Democrats have been steadily gaining ground in the city. Herr Heinrich Lummer, president of the House of Representatives, denied with the approval of the House, that today's special session interrupted by the defeat and the resignation some hours later, of Herr Stobbe, would not continue tonight but would be adjourned until further notice.

Against that, however, some members of the Communist Party are asking whether an Agriculture Minister from a country which has a clear national interest in seeing the EEC's agricultural policy maintained in its present form is the best person to have in charge when the Community is supposed to be embarking on reform of its finances.

From a narrowly British point of view, a reshuffle is seen as having possible advantages if it releases a new job for Mr Michael O'Kennedy, the Irish Commissioner, whose present function underestimates the president in the preparation of the Commission's proposals on financial reform is resented by Mr Christopher Tugendhat, the Budget Commissioner, as a trespass on his territory.

In the meantime, the Commission's agricultural department is reported to have drawn up preliminary proposals for a 5 per cent to 8 per cent rise in EEC farm prices this year, though these still have to be discussed and approved by the Commission as a whole.

A price rise of this order would be likely to be acceptable to Mr Peter Walker, the British Minister of Agriculture, given the much bigger rise in farmers' production costs over the past year. But France and some other countries are understood to want a price increase of more than 10 per cent.

Allowing Mr Dalsager to take over Mr Gundelach's job would have the attraction of simplicity and avoid the danger of a general reshuffle which might reopen the wounds left by last week's difficult negotiations on the distribution of posts within the Commission.

Reservists to be disciplined
From Our Own Correspondent
Bonn, Jan 15

Herr Hans Apel, the West German Defence Minister, has ordered disciplinary proceedings against two Reserve Army officers who flouted his ban on Bundeswehr uniforms at last week's funeral of Grand Admiral Karl Dönitz, Hitler's successor as head of the Third Reich.

The ban on uniforms and military honours and the absence of state representatives underlined Bonn's break with the past and, in particular, with the old military principles which Dönitz embodied, of blind obedience and unquestioning loyalty.

The proceedings look like being complicated because reserve officers are not subject to the same requirements of obedience as active ones. They are forbidden to wear uniforms except when on exercise.

Danish nominee may not get agriculture portfolio

From Michael Hornsby
Strasbourg, Jan 15

Mr Poul Dalsager, the Danish Minister of Agriculture, who was named by his Government yesterday to be Denmark's new European Commissioner in Brussels, cannot expect automatically to assume the agriculture job held previously by his late colleague, Mr Finn Olaf Gundelach.

Mr Anker Jørgensen, the Danish Prime Minister, has left no one in any doubt that he expects Denmark to keep the agriculture portfolio, which is one of the most important in the Commission. But it emerged here today that the Danish claim could be challenged.

Mr Gaston Thorn, the president of the Commission, and his fellow-commissioners are expected to decide next week on the permanent allocation of the Agriculture and Fisheries responsibilities previously handled by Mr Gundelach. Mr Thorn has himself assumed temporary charge of agriculture, and Mr George Kourtellos, the new Greek Commissioner, has been entrusted with fisheries.

Allowing Mr Dalsager to take over Mr Gundelach's job would have the attraction of simplicity and avoid the danger of a general reshuffle which might reopen the wounds left by last week's difficult negotiations on the distribution of posts within the Commission.

Lapp protest foiled
Oslo, Jan 15—Hundreds of Lapp demonstrators against an hydroelectric project in northern Norway were today removed from the site on the Alta river as construction machinery moved in, officials said.

Roger Moore fined
Grasse, France, Jan 15—Roger Moore, the British actor who is known for his roles as The Saint and James Bond, was fined 2,000 francs (about £200) today for causing injury to two people in a traffic accident.


products used for purifying gases extracted from the refinery. The management says the incident had no serious consequences and an inquiry has begun into its causes.

At Bugy the electrical supply from one unit was cut off on Monday after a test of one of the safety systems.

Meanwhile, the Socialist group in the National Assembly has decided to press for a parliamentary inquiry into the causes of the fire which broke out last week in a storage silo of nuclear waste at the reprocessing plant of La Hague, near Cherbourg.

M Claude Quilès, national secretary of the party, on Tuesday denounced what he called the "insufficiency of information" given out by the management about the fire. France, he said, was the only country with an important nuclear programme which did not have a law dealing specifically with the organization of nuclear safety.

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OVERSEAS

The Pope warns Mr Walesa that Poland's independent trade unions must remain non-political

From John Earle

Rome, Jan 15
The Pope today gave his support to the Polish independent trade union organization, Solidarity, telling Mr Lech Walesa, its leader, that the union's foundation had been an event of great importance but that it must remain non-political in character.

Receiving a Solidarity delegation of 15, the Pope said he had heard with joy of the approval in our homeland of its statute two months ago.

There did not exist, "because there must not exist, a contradiction between such a social initiative by working men and the structures of a system which looks on human labour as fundamental to state and social life."

After stating that the events of last autumn had been directed against no one, the Pontiff went on: "The activity of trade unions does not have a political character, but it must not be the instrument for action by anyone, by any political party, so as to concentrate, in an exclusively and entirely autonomous manner, on the great social benefit of human

labour and of the men of labour."

He concluded by recommending courage, but also prudence and moderation, which "are required by the well-being and peace of our homeland."

The audience was the high point in the seven-day visit ending on Monday by Mr Walesa and the other union leaders. They were invited as guests of Italian trade unions, but Mr Walesa made no secret that his main interest was to see the Pope.

The audience began at 11 am with a 25-minute private meeting between the Pope and Mr Walesa in the Pope's library. Then Mr Walesa's wife and stepfather—who has come from the United States—were introduced briefly, followed by the other 14 members of the delegation. The last part of the audience, which lasted altogether an hour and a half, was a public ceremony in the Hall of the Consistory.

Here speeches were made. Mr Walesa speaking, without notes for three minutes, said: "We are not and never will be, a political group. Political affairs do not interest us. We are interested in the rights of

man, the right of faith, for its free proclamation and confession."

The audience ended with an exchange of gifts and with all present singing in Polish the national sacred song "God protect Poland."

Yesterday the delegation visited the Benedictine Abbey of Monte Cassino, the war cemetery where General Wladyslaw Anders, the Polish commander, and many of his troops lie buried, and the earthquake-stricken town of Avellino. For the rest of their stay, Mr Walesa and his companions are in the hands of the Italian trade unions.

German invitation: Mr Walesa has accepted an invitation to visit West Germany in the first half of February, a spokesman for the West German trade union federation DGB, said today. (Patricia Clough writes from Bonn).

The DGB invited Mr Walesa after its representatives, unlike trade union delegations from other western countries, were refused visas to enter Poland. The refusal has not been explained, the spokesman said.

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The Pope embraces Mr Lech Walesa as he kneels during a private audience at the Vatican.

Warsaw transport strike called

From Dossa Trevisan

Warsaw, Jan 15

Amid increasing official warnings that the process of renewal promised by the Communist Party can be threatened if pressures continue, the Warsaw branch of Solidarity trade union organization has called a four-hour public transport strike in the capital for tomorrow. It is meant as a warning to the authorities not to punish the workers who stayed away from work last Saturday.

At the same time, the Warsaw Solidarity leaders have expressed willingness to negotiate and consider the Government's argument about the needs of the economy, insisting, however, on the principle of a five-day week to be guaranteed by legislation.

It was against this background that the Communist Party leaders yesterday, issued a new warning at a meeting of party committees from main industrial plants.

The meeting was chaired by Mr Stanislaw Kania, the party leader, and the speakers left no doubt that the authorities were hardening their views and accusing Solidarity of unwillingness to cooperate, and stirring

up unrest over the five-day week.

There are signs that the Solidarity leaders are finding it more and more difficult to restrain their rank and file. This is particularly so in the provinces, where the local leaders complain of strong official pressure.

Occupation strikes are continuing in the provinces, and Solidarity leaders to restrain the militants. This, in fact, was the message conveyed from the party meeting by Mr Kazimierz Barcikowski, a Politburo member regarded as a moderate reformer. He said that anxiety and continuous pressure obstructed and threatened the programme of reforms. All such attempts against the stability of the state would be resisted by the party.

Mr Barcikowski accused provincial Solidarity leaders of trying to exist organized pressure on the authorities and the militant groups in the Solidarity national leadership of overstepping the union's statutory prerogatives. This, he said, was "extremely dangerous", as there could be no dual authority in Poland.

Mr Grabski, a Politburo member in charge of economic reform, said the Government's proposal of alternative solu-

tions of the five-day week controversy was the only sensible one in the present difficult economic circumstances. He accused Solidarity of irresponsibility stirring up tension. This, he said, was a "trial of strength".

The Government has gone a long way in trying to avoid confrontation on this issue. It has proposed two free Saturdays in a month on the basis of a normal eight-hour working day. As an alternative, it proposed a five-day week but with the working day lengthened by half an hour. The unions rejected it outright, and accused the Government of going back on its promise.

Obviously, the troubles in the south of Poland, as well as the tension aroused by the uncertainty whether the Government will be able to meet the needs of four million workers who stayed away from work last Saturday, are not creating a propitious climate for talks.

The party is seeking ways of reforming itself and Mr Barcikowski indicated the line the reforms were likely to follow. There would be a free debate within party cells, but once decisions were taken they would be binding. There was also a promise of more genuine elections within the party

organization with a choice of candidates, but there was no place in the scheme for pluralism.

The Politburo as well as the executive are subject to control, and a reform in the party apparatus would allow more mobility of staff. The terms of office would be limited on all levels. The Polish party membership has reached three million, and there would now be an emphasis on quality.

The attempt to inject democratic principles into party life is, however, limited. Mr Barcikowski left no doubt that he struggle within the

Mr Carter proposes 5% defence rise

From David Cross

Washington, Jan 15

President Carter today proposed a defence budget totalling about \$184,000m (\$78,767m) for the forthcoming financial year, which is in line with his longstanding promise to increase military spending by 5 per cent a year in real terms.

The request for an increase of more than \$23,000m over this year's defence spending reflected a "careful balance between the need to meet all critical defence needs, while maintaining fiscal restraint", he said in a message to Congress, which will have a final say over the budget.

This year, because Mr Carter is leaving office, the budget will also be open to modifications by the incoming Administration of Mr Ronald Reagan before it comes under the close scrutiny of members of Congress.

Mr Reagan has already made it clear that defence spending will be one of the areas of government spending in which he will be particularly interested, and for that reason today's figures should not be taken too seriously.

In his message to Congress, Mr Carter made what was probably an oblique reference to Mr

Reagan's likely influence on defence spending. "There will be advocates for higher defence levels, but after careful review I do not believe that higher spending would add significantly to our national security."

Mr Carter said that the defence budget was designed to meet three main requirements: to improve personnel recruitment and retention, to enhance combat readiness, and to modernise America's armed forces.

He said that he had recently approved the "largest pay and bonus increase in history, totalling about \$4,500m and representing an increase in 'average compensation' of 16 per cent. "Our armed forces can be no better than the quality of the people who serve in them," he said.

Other funds in the budget should alleviate shortages in critical spare parts and inadequate funds for training, Mr Carter believed. These were the main sources of readiness problems.

Finally, the outgoing President was proposing "major investments" to enhance substantially the capabilities of America's armed forces.

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'Watergate shadow' will stalk Mr Haig

Continued from page 1

nominations was taken by the full Senate next week.

He was confident that formal approval for the Secretary of State-designate would be forthcoming shortly after Mr Reagan was sworn formally into office next Tuesday.

After today's overwhelming vote in the committee it is now a foregone conclusion that Mr Haig will be supported by the full Senate. However, a continuing, and nagging, question, will continue to hang over him probably for many months.

This is because the committee agreed, in deference to the wishes of some of its Democratic members, to select

to some 100 hours of tape recordings involving Mr Haig and Mr Nixon during the final days of Watergate. The committee issued a subpoena for the material last weekend but, because of objections from Mr Nixon, the transfer of the tapes from the national archives where they are stored is expected to get bogged down in a long legal wrangle. The committee wants the indexes to try to determine whether any of the conversa-

tions held in the Oval Office of the White House are relevant to Mr Haig's suitability as Secretary of State.

However, it may well be that the committee never obtains the material it wants. In earlier court cases, Mr Nixon has usually been successful in barring outside access to most of the tape recordings.

Trade ambassador: Mr William Brock, chairman of the Republican Party, was appointed Special Trade Representative today, one of the final Cabinet-level posts to be filled by Mr Reagan.

As Special Trade Representative, Mr Brock will serve as the new President's personal representative in foreign trade matters and will hold the rank of ambassador.

Mr Brock, aged 50, a political moderate, was given much of the credit for helping to unite the party behind Mr Reagan to achieve its landslide electoral victory last November. But his actions in broadening the party's appeal made him unpopular with right-wing Republicans who unsuccessfully sought to oust him from the party leadership.—Reuter.

'Definitive' Iranian reply to US on hostages

Tehran, Jan 15.—The Iranian reply to the latest United States proposals concerning the liberation of the American hostages here was transmitted today to Algiers where Mr Warren Christopher, the Deputy Secretary of State, is standing by.

The American proposals were brought here on January 2 by the Algerian officials acting as intermediaries between Washington and Tehran. There had been several recent exchanges of messages between Iranians and Americans via Algiers before today's reply, which was described here as definitive.

Mr Muhammad Ali Rajai, the Iranian Prime Minister, and Mr Behzad Nabavi, the negotiator over the hostages, visited Ayatollah Khomeini today, raising speculation that they were seeking his approval of a deal to free the hostages.

Diplomatic sources said that Mr Rajai was expected to announce a deal within the next day or two but that the 52 Americans were unlikely to be freed before Mr Ronald Reagan became President on January 20.

The Carter Administration was no longer insisting on tomorrow as a deadline for Iran to respond to the latest American counter-offer for the hostages' release, the sources said. This appeared to indicate that Mr Reagan had agreed to honour any deal based on the Carter Administration's bargaining with Iran.

Today's visit by Mr Rajai and Mr Nabavi to the Ayatollah was reported tersely by the official news agency. The spiritual leader's approval is always sought on important issues.

Apparently because he was with the Ayatollah, Mr Nabavi was unable to receive the ambassadors of West European countries and Japan who delivered a Note calling for the hostages' early release. The Note had been drawn up to support President Carter's moves to end the crisis, one diplomat said.

In Washington a State Department spokesman said that the Iranian reply was a "substantive response" to the latest American position delivered 13 days ago. "Until we have an opportunity to evaluate the Iranian response, we cannot predict whether it will enable the parties to resolve their differences," the spokesman added.—Agence France-Presse and Reuter.

Israeli police clamp down on Druze after murder of Bedu politician

From Christopher Walker

Jerusalem, Jan 15

This week's brutal murder of Sheikh Muhammad Abu Radda, the first Bedu elected to the Knesset, has focused political attention on Israel's most colourful minority.

Although gradually — and often reluctantly — adapting to the changing circumstances of the twentieth century, the Bedu still cling proudly to the desert traditions, styles of dress and ways of life. "The camel may have given way to the Peugeot van in many instances, but the tribal customs are still largely intact," an Israeli academic said.

One of the most revered traditions is the concept of the "blood feud", and as a result, heavy police reinforcements have been drafted into villages in northern Galilee inhabited by another minority sect, the Arab Druze. A number of Druze—including a lieutenant in the Israeli Army—have been arrested in connection with the killing, and the courts have banned the publication of their names in an effort to avoid reprisals.

Shahik Abu Radda was leader of the dominant tribe in the Negev, the barren desert region where some 40,000 Bedu are now concentrated. Others live in Galilee, but most have forsaken nomadic habits for a more conventional existence.

Most Bedu who are citizens of Israel, have traditionally voted for the opposition Labour Party, to which Shahik Abu Radda was affiliated, but in recent years they have become increasingly driven to radical policies as the result of a bitter dispute with the present Government over tribal land rights.

The dispute has been centred on a large tract of Negev land at Tel Malkha, a spot destined to become one of the new Israeli air bases to replace those in Sinai due to be handed back to Egypt under the Camp David agreement.

Over 5,000 Bedu live on the land, some in black goat-skin tents and others in shacks. Renowned both for their fierce tribal rivalries and great

hospitality, they have until recently kept their distance from other Israeli Arabs.

"We Bedu are not concerned about the Palestinian problem", explained Dr Yunis, a Bedu doctor, who is another prominent member of the Abu Radda tribe. But he added that the policies of the present Israeli coalition government were alienating the Bedu by treating them as "second-class citizens".

The Negev Bedu are angry that they have been given much lower compensation than that offered to Jews being forced to evacuate settlements in Sinai. They are also resentful at attempts to force them into soulless new townships, rather than allow them sufficient alternative land to continue an agricultural existence.

Explaining the changing attitude among the desert tribesmen, Shahik Abu Radda said not long before his murder: "The Bedu is a patient man and is ready to compromise on everything. But he cannot forgive those who take his land."

Ousted Turkish MPs to be denied return to power

From Our Correspondent

Ankara, Jan 15

General Kenan Evren, the military head of state, announced today that a constitutional assembly would be formed in Turkey some time between "next August 30 and October 29".

On the first leg of a three-day tour of Turkey's southern provinces, General Evren told thousands of people gathered in the main square of Konya, 180 miles south of Ankara, that politicians who were ousted by the September 12 Army coup would not be allowed "to once again control the destiny of Turkey".

These politicians, he said, had "soiled" the country, and the National Security Council, which he heads, were now "cleaning it up".

The politicians, instead of saying "Thank God for their (the Security Council's) presence", were waiting impatiently to say, "When are they going to go?" General Evren said. "They soiled—well, we cleaned up. Now they want us to give them back the clean pot so that they can dirty it again."

This would not be allowed and no former party members would be included in the new constitutional assembly.

He also promised that communism, fascism, separatism and religious fanaticism would not be allowed in Turkey.

This was the second step in

the plan for a return to democracy in Turkey announced by General Evren after he seized power last September in the bloodless coup—after nearly three years of economic instability and political anarchy—he promised the creation of a civilian government (see page nine days after the coup), a constitutional assembly, the promulgation of a new constitution, and general elections.

Today's much-awaited announcement does not, however, signify a return to democracy at this stage, as the security council will retain control over laws enacted by the constitutional assembly.

The council, which was and will continue to be until the autumn, the only body empowered to enact laws, will assume the powers "of a senate," he went on, according to General Evren's Council amendments to laws proposed by the constitutional assembly would be final.

In his wildly applauded speech, General Evren also underlined that he had chosen to make this announcement in Konya, one of the traditional centres of religious conservatism in Turkey.

It was there, early last September, groups of religious extremists demonstrated against the Turkish national anthem and displayed banners insulting the secular republic. The demonstration, senior generals said later, had been "one of the last straws" which precipitated the military coup.

UN staff hold day's hunger strike over jailed woman

From Laurie Nadel

New York, Jan 15

Some 30 staff members of the United Nations Secretariat held a day's hunger strike today in front of their cafeteria. Carrying placards reading "Free Alicia now" and "When one of us is in prison, none of us is free," they urged hundreds of staff members to sign a petition calling for the release of Miss Alicia Wesołowska, a secretary of the United Nations development programme, who is imprisoned in Warsaw.

Their action followed a report that Miss Wesołowska has been refusing all food and water for a week to protest at the manner in which she has been treated by the Polish authorities since her arrest on August 10, 1979, when she was visiting her family en route to a new posting in Ulan Bator, Mongolia.

After six months' interrogation, family members reported that she had lost a great deal of weight, some hair, and had

temporarily suffered loss of movement in her legs. She was sentenced to seven years' imprisonment for espionage by a secret military tribunal last February, charged with "spying for a Nato power".

Miss Wesołowska, in a statement, said to have been smuggled out of prison last week, complained that she had been detained without evidence, that gossip and legends had been presented against her, and that she had never admitted her guilt, although reports in the Polish press stated that she had.

On Monday, Dr Kurt Waldheim, the United Nations Secretary-General, discussed the case with Mr Donny Binski, a Polish delegate to the United Nations. According to United Nations officials, Mr Binski said that the Poles intended to release her.

The Secretary-General expressed anger because the Polish authorities have been repeating this assertion for the 17 months of Miss Wesołowska's detention.

General strike hits Peru

Lima, Jan 15.—Peru's trade unions staged a 24-hour general strike today in protest at recent food and fuel price increases averaging 48 per cent.

Shops, factories and many banks and businesses closed in Lima and the provinces. Police in Lima used water cannon and tear gas to disperse strikers.—Reuter.

Power failure in Mexico City

Mexico City, Jan 15.—Millions of people were stranded in cars and public transport vehicles today as Mexico City was without electric power during the rush hour.

Unofficial sources blamed a power failure at Infiernillo, one of Mexico's main hydroelectric power plants for the blackout.—AP.

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Definitive Iranian reply to US hostage

an, Jan 15.—The latest Iranian reply to the American ultimatum concerning the release of the hostages is a "definitive" one. It is a statement by the Iranian Foreign Ministry, which says that the Iranian government is not prepared to negotiate with the United States on the basis of the American ultimatum. The statement also says that the Iranian government is not prepared to negotiate with the United States on the basis of the American ultimatum.

OVERSEAS

Little evidence to back up claim that 100 armed men landed in El Salvador to help guerrillas

From Christopher Werner
San Salvador, Jan 15

There seems to be little evidence to back up the announcement by the El Salvador authorities that 100 armed men landed by boat at an isolated beach near the Nicaraguan border.

The announcement, which was endorsed by the United States Ambassador to El Salvador, coincided with a statement from Washington that military aid would be resumed to the Central American country.

Doubts on timing of Bill over Canada

By Our Political Correspondent

In a written Parliamentary reply yesterday, Mrs Thatcher said that the date of the August and January 10, she received 2,223 letters from Canadian citizens about the passage of the Canadian Citizenship Bill.

Mr Francis Pym, Chancellor of the Duchy of Lancaster and Leader of the House of Commons, is still in doubt about the timing of the request for endorsing legislation from the Canadian Parliament.

It arrives in March, after the Finance Bill is on its way to Parliament. It may be too late to get the Canadian Bill through during the present session of Parliament.

lowed the discovery of the

There was a burnt-out Toyota, a pickup truck in a ditch with its windshield shot out, and just the odd gun shot, but no body, no guerrillas, and no captured arms to be seen.

An officer said his troops had already buried the 52 guerrillas who had been killed. There were no prisoners either. These people are anathema, a fight to the last bullet," the officer said.

The remark is typical, but almost certainly false. If these "invaders" had been foreigners, allegedly Nicaraguans, one might have expected the officer to keep the prisoners alive for propaganda purposes.

The lack of evidence suggests that if many of the rebels were killed in a four-hour battle, as the authorities claim, they were not proved to be foreigners.

This is not the first report of landings from Nicaragua. According to a senior naval commander in El Salvador, the Coastguard has had periodic

information of small open boats

landing in threes and fours throughout the year.

What is most important perhaps is that the United States Government has long claimed that "they new" that the Salvador guerrillas were being supplied with arms from abroad.

Money for weapons: The weapons used by the guerrillas fighting in El Salvador are bought on the open market and are American, Belgian or Israeli, the European representative said in London today (our foreign staff writes).

Father Luis de Sebastian, a former vice-rector of the Roman Catholic University in San Salvador, said that there were no Russian weapons in the hands of the guerrillas.

The money for the weapons had come originally from ransom payments for kidnappings. He mentioned the two British bankers, Mr Ian Massie and Mr Michael Chatterton, who were kidnapped from November, 1978, to July, 1979.

President of S Korea puts politics first

From Jacqueline Reditz
Seoul, Jan 15

South Korean politics entered a new phase today when President Chun Doo Hwan announced that he would contest next month's presidential election and lead the new government Democratic Justice Party (DJP).

The party nominated Mr Chun as its leader and presidential candidate at its inauguration ceremony held in the huge Chamsil gymnasium in Seoul.

The President told an audience of about 9,000 party members and invited guests: "I am now a politician. Whether I like it or not, because I have accepted the party presidency and the party nomination as well."

Last April, Mr Chun told journalists that the South Korean military would never meddle in politics and was quoted as saying: "I have no interest in politics." But by September he had resigned from the military and been inaugurated as President. In October he promulgated his new constitution, dissolving Parliament and all former political parties.

A nationwide purge over the past six months has eliminated most of the potential opposition. More than 500 former politicians have been banned from politics for eight years. Some 57,000 people have been detained and many have been sent to "reeducation" camps as part of a scheme to combat corruption and crime.

Student demonstrations have been quickly and severely suppressed and the news media have been streamlined and subjected to greater government control.

President Chun said that order and stability had been restored, the presidential election would be held in February and a general election would be brought forward to March or April.

Supreme Court throws out Bandaranaike appeal

From Our Correspondent
Colombo, Jan 15

Three judges of the Sri Lanka Supreme Court today dismissed with costs the applications of the former Prime Minister, Mrs Sirimavo Bandaranaike, and her nephew, Mr Felix Dias Bandanaika, the former Finance Minister, for a writ of certiorari quashing the findings of the special presidential commission, which found Mrs Bandaranaike guilty on six charges of misuse of power and one of corruption.

The commission recommended they should be deprived of their civil rights.

Parliament by special resolution deprived Mrs Bandaranaike and her nephew of their civil rights for seven years and also expelled Mrs Bandaranaike from Parliament.

Mrs Bandaranaike lost his seat in the 1977 general election. Mrs Bandaranaike and her nephew claimed in their applications that the commission's findings against them were against the principles of natural justice.

The three judges in their order today said that they had not gone into the allegations made by the petitioners against the commission and had therefore formed no view whether those allegations were well founded. Costs were fixed at 1,050 rupees (about £25).

naik and her nephew of their

which are then planned up on street notice boards. Drunkards are warned at their places of work about their behaviour and criticized at party meetings and by workmates at informally constituted "Comrades' courts".

It is now suggested that the coveted vouchers to holiday resorts should not be given to drunkards. Heavy drinkers may also be expelled from the Komsoval (the Communist Youth League) and have been recommended that job references include a statement of drinking habits.

The press has called for the fine on illegal home-distilling of vodka now widely drunk in the countryside, to be increased to 1,000 roubles (£637).

There are many cases of restaurants and shops near schools and colleges selling drink to minors to increase their turnover. The Minister of Justice has said that this was a particularly dangerous offence, but last year the courts punished only about 700 people for enticing juveniles into drinking.

Calling for tougher action against drinking in factories, and insists that managers will be given a freer hand to sack drunkards without having to find them another job. In the Ukraine, several mines run daily checks for inebriation among the miners as they report for work.

Traffic police have also urged tougher penalties for drunken driving. In the past year a woman driver was killed in a crash for causing fatal accidents while drunk.

But it is only in recent years that a real attempt has been made to tackle alcoholism on a social and economic basis. The

state has sponsored and pub-

licans, and has acted on several key recommendations with laws and decrees. One is the better provision of proper medical treatment for alcoholics.

Kiev is one city that has done well in preventing regular drinkers. The anti-addiction treatment centre has set up a residential clinic in the countryside which can treat up to 700 people at a time. Alcoholics, all volunteers, are taught to relax without alcohol and the most former patients and their families. Special buses take them to factories each day where they are given well-defined work schedules or taught a trade.

There are also two outpatient centres in Kiev, including a hospital where regular drinkers are invited to go for treatment. Courts can order compulsory attendance, and discipline is strict.

But Kiev has found that more effective treatment can be offered by special day-centres where patients may admit themselves anonymously. In two years one such hospital has treated about 2,000 people. Similar centres have been established elsewhere.

where. Local clubs have also been established with some success. Members take oaths, wear badges, meet weekly in comfortable club-houses, provide entertainment and organize summer outings and are able to bring guests.

The most drastic measure against drunkenness—prohibition—has already been tried in some Soviet cities, but most Russians agree that national prohibition is simply not possible, so ingrained is the drinking habit.

Television viewers shown disgusting scenes inside sobering-up stations

Russia uses shock tactics to curb alcohol abuse

This is the third and concluding article from Michael Binyon, Our Moscow Correspondent on alcoholism in the Soviet Union. The earlier articles appeared on Tuesday, January 6 and on Saturday, January 10.

The early Bolsheviks seriously considered introducing prohibition in an effort to rid the young Soviet state of the scourge of drunkenness that was hindering their efforts to transform the country. They eventually discarded the idea as unenforceable and a diversion from more urgent priorities.

Many people engaged in the unrelenting fight against alcoholism now regret such a law was never enacted. But as the campaign against drunkenness intensifies, prohibition is again being seriously discussed in many Soviet cities.

The authorities have adopted three broad approaches in their urgent efforts to combat the country's most serious social problem—persuasion, punishment and decree.

Persuasion consists of a massive propaganda effort by the party, health workers, the press and local authorities to bring home to the population the damage caused by alcohol. Much is deliberately shocking. Television shows films of the burgeoning number of homes for mentally retarded children that have had to be built to cope with the offspring of alcoholic parents. Disgusting scenes from the sobering-up stations deliberately depict drunks in almost bestial depravity.

The press gives details of the messy murders, the most grisly cases of assault, violence and

cruelty caused by drunks. Men are frightened with the prospect of madness or impotence, women with the breakup of families and the corruption of children by drink.

Persuasion is also more subtle. Efforts are made to teach people to drink socially and in moderation. New cocktail lounges and restaurants have been opened with a light, attractive environment, serving light wines, beer and sandwiches, cocktails and soft drinks. Their rather fashionable exclusiveness is compared with the sordid drinking in dark entryways and the hangovers of the next morning.

The state has tried to boost the sale of beer and wine in an effort to curb consumption of vodka. More breweries have been built—several producing prestigious Czech beers and lagers. Shops are encouraged to stock the better Georgian and Armenian wines.

In a clever move capitalizing on the obsession of modern Soviet youth with Western products and fashions, the Russians have allowed Pepsi-Cola to set up bottling plants in the Soviet Union, open soft drink kiosks and even put up the familiar brand-name signs. It has become chic to ask for Pepsi or Fanta, the orange drink sold in the Soviet Union by Coca-Cola.

Attempts are being made to get Russians to revive the old custom of entertaining guests with tea. The Ministry of Education has sent booklets to help teachers with temperance lectures.

Persuasion is backed with stiffer punishments for persistent drunkenness in an effort to reduce public tolerance of drunks. Ridicule has long been used to shame people into sobriety—drunks picked

up by the police have cartoons drawn of them inebriated, which are then planned up on street notice boards. Drunkards are warned at their places of work about their behaviour and criticized at party meetings and by workmates at informally constituted "Comrades' courts".

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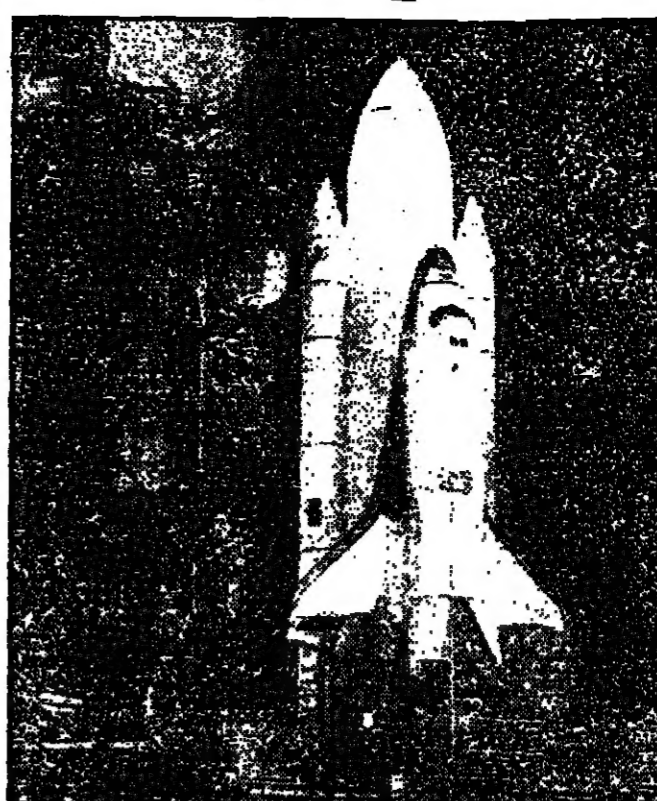
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The most drastic measure against drunkenness—prohibition—has already been tried in some Soviet cities, but most Russians agree that national prohibition is simply not possible, so ingrained is the drinking habit.

FOREIGN REPORT

Another setback fuels criticism of American space shuttle



The first space shuttle, awaiting final tests

Tomorrow the first two critical tests will ascertain whether the much-vaunted space shuttle can be launched on March 17—three troubled years overdue—as the world's first reusable space exploration craft.

Yet the snags which have dogged the project since its inception in 1972 are continuing. Last week a simulated countdown had to be aborted seven minutes before "liftoff" because of a fault in the computer programme, made up of thousands of instructions to disengage ground support systems before firing.

This is less serious than the radical problems experienced with the engines and heat shield and officials hope that it will not push back the launch date. It will, however, reinforce critics' scepticism of the project's ultimate viability.

The remaining two tests are on the troublesome engines. Tomorrow's is at St Louis Bay, Missouri, where they are being modified. If that goes off without a hitch the engines will be taken to Cape Canaveral for their final pre-launch test next month.

In two tests last year, fire broke out in the engines. Since then, two more test runs have been successful, raising hopes that the fault has been cured.

The other main problem has been with the 30,765 tiles stuck to the exterior heat of the orbiter by burning up when it reenters the Earth's atmosphere. The tiles, on average 6in square, are formed from a lightweight silica fibre compound made from sand and able to resist heat of 2,300°C.

In appearance, they resemble the polystyrene packing commonly used for delicate equipment.

After being cemented to the skin of the craft, some tiles were found prone to cracking under pressure. All of them had to be removed and replaced by injection of a binding material 0.1in thick—a costly and time-consuming process.

If a tile were to become cracked or dislodged in flight, the craft and its crew would surely be lost. A system has been devised by which crew members can repair them in space, but there has been controversy because in the first flight, a proving run of 24 hours, this safety system will not be installed.

Mr Richard Young, a spokesman at the space centre, pointed out that the two pilots had not complained. They are Commander John Young, who has made four space flights including one to the Moon, and Commander Bob Crippen, a first-timer.

He explained the delays as "teething problems" in a revolutionary engineering concept

and made the point that the programme had been less liberally funded than previous space exploits, notably the Apollo moon missions.

"If a problem developed with Apollo you threw money at it and it went away," he said. "Apollo was a great national goal. We were going to put a man on the Moon in the sixties, or bust, and we did it."

The space shuttle, by contrast, is the product of a less extravagant era. Whereas former spacecraft were one-shot vehicles, each of the four shuttles under construction is designed to make up to 100 journeys into space and back.

It is, in a sense, the reverse of normal technological advance: as though the throw-

away plastic razor had been invented first, the type with changeable blades only later.

It has cost \$8,800m (£3,700m) so far, compared to the Apollo programme's \$25,000m. When functioning, it will be used to lift into space satellites and other hardware which would otherwise have needed expensive single-use rockets of their own.

Among the first bits of equipment it will carry is a giant space telescope which will greatly increase our knowledge of the universe.

The occasional privileged passenger with a professional interest in space will be able to go along for the ride. The shuttle will transport the European space laboratory and its accompanying scientists into the heavens.

"The shuttle is essentially a truck," Mr Young said. "Once functioning it should be no more romantic than an air liner."

The first of them, Columbia, the size of a small commercial jet, rests on its launching pad next to the Atlantic Ocean, embraced by its giant, cigar-shaped fuel tank and two pencil-thin rocket boosters. The tank will be ejected and the self-destruct when the craft goes into orbit, but the rocket casings will parachute back to Earth.

Its mission completed, the craft will reenter the Earth's atmosphere, and lower its wheels and land on an airstrip like a conventional aircraft. It will rely heavily on gravity since its engines will have no fuel—sliding like a giant glider.

Once launched, it will herald an age of sensibly-priced space journeys, the Sir Freddie Laker of the cosmos. But it is its persistent teething delays that further, it could prove another of the recent blows to American self-esteem. The triumph of the first Moon-landing was more than 11 years ago now. It is already fading in the memory.

Michael Leapman

Bokassa shadow creates a dilemma

France last week reinforced its military presence in the Central African Republic in response to Libyan activities in neighbouring Chad. Marines were flown to Bangui to join a force of 800 French troops already stationed at an army base 100 miles from the border with Chad. This was done to emphasize France's support for its African partners in the face of what is seen as the threat of a Libyan takeover. It also indicates the extent of French involvement with the Government of President David Dacko.

The former Emperor Bokassa of the Central African Republic was sentenced to death in absentia on December 24. The sentence was handed down by a court in Bangui. It was a surprise.

A procession of state witnesses ranging from former ministers to palace cooks gave evidence of Mr Bokassa's financial expropriations from the state coffers, of his bizarre culinary habits, and of his pet man-eating crocodiles, to support the charges of murder, theft, embezzlement and cannibalism.

Details, even from those closest to him for many years, were vague and vague. A strong tendency to repudiate any personal involvement in the former emperor's activities. The verdict was never in doubt.

Mr Bokassa, however, remains unaffected by the trial of the verdict. After his overthrow by French troops in September, 1979, he was given refuge by President Houphouët-Boigny of Ivory Coast.

The lack of the leading character did not detract from interest in the trial which was broadcast by radio. As with the trials earlier in the year of Bokassa's henchmen, public interest has been high.

President Dacko has already been criticised, especially by the families of students who were killed in January and April, 1979, for not having either confirmed or carried out

any of the death sentences handed down in the earlier trials.

There is a widespread feeling that the President has been deliberately dragging his heels because many of the leading figures in the Central African Republic were deeply involved in the excesses of the Bokassa regime. The reticence of witnesses at the Bokassa trial, while understandable, will merely fuel the suspicion about several leading politicians.

President Dacko, however, is in a real dilemma. His main supporter and ally is France and the French Government has no desire for extra details about the Bokassa trial, before the forthcoming French presidential elections.

France, with its military presence in the Central African Republic and with technical experts and advisors in nearly all ministries, is in a good position to see that its wishes are observed. In addition, the republic is heavily dependent upon French financial assistance.

The budget deficit, likely to be at least 14 million CFA francs (about £26,000) this year, will be half covered by France. France pays for all communications links (including post and telephones) with the outside world. French companies have a virtual stranglehold on the economy and France's subventions cover at least a quarter of the Government's monthly salaries bill.

President Dacko has announced a time-table for planned constitutional changes. There will be a referendum before the end of the month, presidential elections by the end of March, and legislative and municipal elections by June.

In addition, the President accepted, if unwillingly, that

there should be a multi-party system. He had made it clear he wanted his own Democratic Union of Central Africa to be the single party for at least two or more years.

Within a week of the decision, two more political parties had been formed and there are at least two other groups likely to be ready to contest elections. The most important among possible opponents for President Dacko is Mr Henri Madoou, his former vice-president.

Mr Madoou was sacked by President Dacko in July last year because he publicly advocated a multi-party system. He has now set up his own Republican Progress Party and established close contacts with the trade unions.

In mid-November, the President appointed a new Prime Minister, Mr Jean-Pierre Lebondou, a 35-year-old technician who is half-French. Mr Lebondou, formerly Minister of Planning, has made it clear that it will be necessary to cut back on inflated staffing policies in state companies and government ministries, and that there will be a government revenue collection.

It is estimated that at least half of the country's diamond production is slipping out illegally—some put the figure nearer to 80 per cent.

Once the Government starts its programme, the tensions can be expected to rise as salary cuts or dismissals and Mr

Henri Madoou hopes that he will benefit.

There are other potential presidential candidates. One is General Sylvester Bangui, former Foreign Minister, and deputy Prime Minister, who was released from prison in November. He has founded his own party.

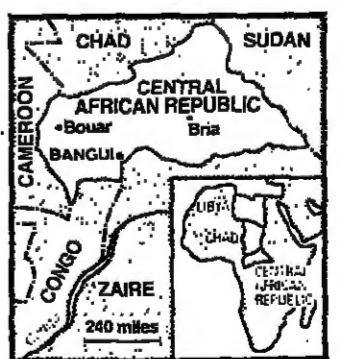
A more significant figure, if he is allowed to become a candidate, is Mr Ange Patasse, a former Prime Minister under Mr Bokassa, who has publicly called for France to withdraw from the Central African Republic. He was arrested for alleged plotting only weeks after Mr Dacko came to power in September, 1979. He has yet to be released from prison on grounds of ill health. The President has been making overtures to some of Mr Patasse's supporters, especially among the students.

Mr Madoou is bitterly disliked by the students because as Mr Bokassa's Prime Minister in 1979 he denied that any students had been killed at Ngaraba prison earlier in the year. This is still held against him, even though it was he who had requested the request for French troops to end the Bokassa regime six months later.

President Dacko has not yet been able to generate much support for himself despite, or perhaps because of, his position as the Central African Republic's first President—he was ousted by Mr Bokassa in 1966.

Anything that embarrassed his political rivals could well embarrass President Dacko. He has only months to go before the presidential election. If that happened, President Dacko's hopes of election would be small. In the last resort, the winner in the Central African Republic will be whoever France supports and whoever causes fewest problems for France.

Susan Morgan



Shell denies sending oil from Nigeria to South Africa

From Karan Thapar
Lagos, Jan 15

Shell Nigeria has categorically denied reports that it is diverting Nigerian crude oil to South Africa. The Nigerian Government has a specific embargo against sales to South Africa on all its oil. In 1979 the assets of British Petroleum in Nigeria were nationalized, ostensibly because it was flouting this embargo.

Reports that the embargo was being broken by Shell allege that Nigerian oil is being routed to South Africa through the Dutch Antilles, in particular the Caribbean island of Curacao, in chartered tankers flying the Liberian flag. These allegations were made by the Dutch anti-apartheid organization, Shipping Research Bureau. "I can categorically state

that not a drop of Shell's Nigerian oil has reached or is reaching South Africa directly or indirectly," Mr Peter Holmes, Shell's managing director, told a Lagos today. "Nigeria's export licences are explicit as to which countries we are allowed to send the crude to, and we adhere to these restrictions to the letter. This adherence does, of course, include indirect as well as direct shipments."

The allegations that Nigerian oil is being sold to South Africa, despite the specific embargo, were also reported on the BBC's Focus on Africa programme yesterday.

Officials at Shell said they were prepared to account for every barrel of Nigerian oil handled by them to prove that the allegations were false.

50 Chileans seek Swedish asylum

San Jose, Jan 15.—About 50 homeless workers occupying the Swedish Embassy in Santiago since yesterday asked for asylum last night after the Chilean Government failed to solve their housing problems.

Senior René Rojas, the Foreign Minister, said the Government had offered to send police to evict the workers but Swedish diplomats turned down the offer.—Reuter.

Earthquake jolts California

San Jose, California, Jan 15.—A moderate earthquake jolted a wide area of San Francisco Bay today, but caused no injuries or damage.

The University of California's seismographic station said the earthquake at 4:48 am registered 4.5 on the Richter scale. Its epicentre was about eight miles east-northeast of San Jose—the second moderate earthquake to shake the area in little more than a week.—UPI.

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SUBJECT TO LAW

In 1980 the number of industrial disputes was lower than in any year since the war. It would be idle to pretend that the legislative reforms embodied in the Employment Act 1980 can have had more than the most marginal influence on this sudden improvement on the exceptionally bad record of 1979. Even the advent of a Government less responsive to industrial pressure than its predecessor cannot explain the change by itself. The main cause has been the recession and a growing reluctance to see one's job for a speculative bargain. It is not a means of achieving industrial peace that any policy maker would recommend, though it may serve as a reminder that industrial peace is determined by other factors at least as much as by the framework of industrial law.

Into this hush, unhappy and undoubtedly temporary, comes Mr Prior's green paper on reforming the framework of the law. It is the longest paper of its kind ever produced, and very possibly the greenest too. It genuinely is a summary of a debate, rather than a statement of policy with marginal concessions to the ritual of consultation. Every proposition is balanced by its alternative, the objections to every concession are scrupulously defined. The effect is one of immobility, intractability. It will take a long time before the lineaments of a Bill or a white paper begin to emerge from the document published yesterday.

To more Tories than a year ago, that may not be unwelcome. The Government has problems enough on its hands for the moment. Mr Prior's search for a consensus on fundamentals is not unwise. But the time for such a leisurely investigation was 1979 or even earlier. Instead Mr Prior brought in an Act that concentrated attention on marginal factors and left the fundamentals untouched. And since the issues are indeed complex and full of dangers, it

is impossible to come up with legislative proposals overnight.

The basic propositions to work on are relatively straightforward, however. In times of prosperity—and it is with those in mind and not the current abnormal situation that any measures must be designed—our industrial productivity falters by comparison with that of our competitors. Whatever role faults of management have in this, it is clear that trade union conservatism and protectionism must bear a large part of the blame. A degree of mutual suspicion between management and employee is inherent in the relationship. But too often the conflicts that arise do not reflect the feelings of the workers concerned, but those of a minority, or of others not directly involved at all.

The right to withdraw labour is a basic freedom (though it is one the law does not explicitly safeguard). The immunities that apply to trade disputes are broadly essential to the exercise of that right. But the harm that a strike can do to an industry and to the community is so great that the immunities ought to be made conditional on two things: that workers directly affected by the action should have explicitly approved it, and that procedures which allow full scope for negotiation and conciliation should have been exhausted before action is taken. Mechanisms for ensuring that these conditions have been satisfied need statutory definition, which may not be easy. Plainly a show of hands at an ill-attended factory gate meeting is no proper basis for a major strike. Workers directly affected might appropriately include others as well as those actually called out, though the relationship would have to be fairly close.

It should be irrelevant to these procedures whether a strike is official or unofficial. Where satisfactory procedures were not observed, civil actions could be brought against the union as well as individuals (unless the union

could show that it had made reasonable efforts to control its members). Thus each union would have a strong motive to bring its internal discipline to bear upon irresponsible members. The tendency for power in the unions to pass downwards towards shopfloor leaders (already noted by the Donovan report in 1968, and greatly advanced since then) has gone so far that small groups of workers in strategic positions can often apply pressure regardless of the wishes of their colleagues, let alone their employers.

Where the conditions for attracting immunity did not apply it would be open to employers, and to others with a substantial interest (another matter needing careful definition), to bring an action for damages against the offender. Already employers often prefer not to use such powers where they exist, because their first interest is in putting the dispute behind them, not recovering damages. But the existence of legal powers even only in reserve has a great influence on the course of industrial negotiations, for unions are basically law-abiding organizations.

Many trade unionists would oppose on instinct any attempt to modify the hallowed immunities conferred at the beginning of the century, just as they protested against the minor reforms made by the 1980 Act. The latter have not yet really been tested in practice, but the signs are that they carry with them that consensus support (even from many inside the movement) which Mr Prior rightly sought. Future legislation must be governed also to some extent by what is found to attract enough sympathy (or at least acquiescence) to have a prospect of a durable life on the statute book. The proposals made here are not put forward as an attack on the power of the unions as such but an attempt to ensure that it is exercised with the restraint that great power demands.

THE POLES AND THEIR POPE

It is a fitting coincidence that the commander in chief of the Warsaw Pact, Marshal Viktor Kulikov, should be visiting Warsaw just as Mr Lech Walesa is in Rome. "How many divisions has the Pope?" Stalin is said to have once asked rhetorically. If Marshal Kulikov were to ask the same question during his talks in Poland, he might well receive the answer "a good many more than the Warsaw Pact can count on".

For the Poles, Pope John Paul is a symbol of Polish pride and Catholic piety, and his election had an electrifying effect on the national mood. The strikes of last summer, and the emergence of the independent trade unions, had fundamentally economic causes, and would no doubt have taken place, anyway. But the very existence of a Polish Pope—reinforced by his triumphant tour of Poland in June, 1979—has infused the national resurgence in Poland with a confidence and an emotional durability it might not otherwise have had.

Mr Walesa himself is conspicuously a Catholic; the vast majority of his followers are Catholic, as indeed are the majority of Poles. Since Mr Walesa is in Rome to meet the trade unions as well as go to the Vatican, some Italian labour leaders were not surprisingly upset when he said that he would not have come to Italy if it were not for the Pope. But he was merely expressing, in characteristically direct fashion, what all Poles feel in their hearts: that the Pope is their lifeline to the outside world, and their greatest source of moral support.

At the same time, Pope John

Paul has been careful not to intervene directly in the turbulent events of recent months. He has supported the Polish workers and their intellectual allies in a general way, but has distanced himself from the detail of their conflict with the Communist authorities. The Pope yesterday spoke of the Poles' maturity, and he has supported the right of working men and women to "associate freely", adding that he had been saying as much to "all people of good will, as discreetly as possible".

It has been left to the Catholic Church in Poland itself to decide how to react in practice to the Polish "quiet revolution". The Polish bishops have exerted a moderating influence on the free trade unionists, some of whom would like to take a more radical line. The Church has argued, rightly, that to go too far would be to risk the remarkable gains already made, including greater religious freedom and the right to broadcast Mass. The appeals which the Primate, Cardinal Wyszyński, made for prudence and responsibility "at the height of the August strikes probably contributed as much as anything to the maintenance of a calm atmosphere in which an agreement with the Government could be negotiated.

On the other hand some Poles—and in particular, the intellectuals advising the free trade unions—feel that the Church has taken prudence and responsibility to an extreme, and runs the risk of inadvertently helping the authorities stifle the union movement. In October Cardinal Wyszyński met the Communist Party leader, Mr Stanisław Kania, and agreed to "constructive cooperation with the state".

Then last month the Polish Episcopate went further and called for firm opposition to "irresponsible statements or actions" which might "expose the country to grave danger".

What the bishops had in mind, clearly, was the possibility of a Soviet invasion. Both dissidents and workers would agree that nothing should be done which might provoke the Russians or create circumstances in which Moscow would have an excuse for intervening. But they evidently feel that the Church has veered perilously close to offering aid and comfort to the Government at a time when the future of free trade unionism is far from assured, and when a number of dissidents have been harassed or imprisoned.

At the same time the Church in Poland has a long history of complex struggle with the Communist authorities, and has learned the hard way how to maintain its independence. Few people can be more aware of this, indeed, than the Pope himself. As Cardinal Wojtyła of Cracow, Pope John Paul proved himself a master of guerrilla tactics against the local party bosses.

He also understands, and has made clear on this occasion, that the course of events in Poland depends not only on cooperation between the Church, the workers and the intellectuals, but also on the achievement of a working relationship between the forces of opposition and the Government. The presence of a high Government official in Mr Walesa's delegation suggests that, despite its dislike of alternative centres of power in Poland, the Polish Government understands this too.

Students' benefits

From Mr Derek D'Hooghe
Sir, Roger Frost's letter (December 10) touches on only one aspect of the Department of Health and Social Security's hostile attitude to students. In the course of one case, lasting over two years, I have discovered an appalling number of examples of what can only be deliberate attempts to prevent claimants from discovering their rights, or gross incompetence. Under the supplementary benefit regulations unemployed people attending college for less than 21 hours a week, and available for work if a job arises, are entitled to benefit.

The local DHSS office refused supplementary benefit to a part-time student on the grounds that he was "attending a school". It has taken over two years, three tribunal hearings, preparation for a High Court hearing, and significant expenditure of public money in legal costs for the DHSS to admit that he was wrong, and yet the case is still not settled. During this period the student sought to claim supplementary benefit, and was informed by the clerk that he was not eligible to apply. When I pointed out to the clerk that every citizen had a right to apply for benefit, even though the DHSS might subsequently refuse to grant it, I was greeted with the same response. Only after a half-hour argument, reaching the supervisor's supervisor, was an application form reluctantly handed over. Similarly, the appeal tribunal take care to inform appellants of their right to appeal to the High Court

on a point of law, but neglect to inform appellants of their free right to have an adverse decision set aside by an appeal to the regional office.

The inconsistency of the DHSS is shown by a letter, signed by the manager, granting benefit to a student studying for 20 hours per week. The following day, another student studying only five hours per week was refused benefit, and I was informed that the manager's letter was out of date. Rapid decision making indeed!

The DHSS certainly appear to be doing everything in their power to ensure that young people do not receive their rights. The DHSS seem to prefer young people sitting at home, doing nothing or vandalizing the city to those trying to increase their employability by part-time study during a disastrous economic period.

Yours faithfully,
DEREK D'HOOGHE,
Sidney Stringer School
and Community College,
Hillfields,
Coventry,
January 5.

The first Nowel

From Professor Norman Davis, FBA
Sir, In his article on Herford Cathedral library (December 22, 1980) Mr Wapshott claims that the earliest Christmas greetings "which can be found written in English" appear at the end of a business letter from Charles Booth between

1516 and 1535. But a generation or so earlier Thomas Becon wrote "To my right syngular good lady, Dame Elysbeth Bonor" a letter concluding: "Madame, I beseeche the blisid trenye to send you a Merry Cristmas to your hartes ease, and ever to preserve and kepe you in longe helth and vertu. At London the xxij day Decembre".

The letter is no 185 in the Camden Society edition of the Storer Letters by C. L. Kingsford (1919), who dates it convincingly 1477. Its special interest is that the now so conventional phrase "Merry Christmas" occurs here long before the earliest quotation in the Oxford Dictionary, which is of 1617. There may well, of course, be other cases still unnoticed.

Your obedient servant,
NORMAN DAVIS,
Merton College,
Oxford,
December 22.

Grace note

From Mr Lewis Massey
Sir, Mr Lovett (letter January 12) need have no worries. The official Italian name for Munich is Monaco di Baviera (ie Bavarian), even though it is often abbreviated to Monaco. Yours faithfully,
LEWIS MASSEY,
20 Orchard Rise,
Groombridge,
Tonbridge Wells,
Kent,
January 12.

Humane rationale of civil defence

From Dr Sue Dowling
Sir, Mr Harding and Mr Stinchcombe (January 6) say that the rationale of home defence is humane. As a doctor I find it hard to know what "humane" might mean after an attack by nuclear missiles, each containing an explosive yield between 80 and 400 times that of the Hiroshima bomb. Moreover, I doubt if the health services' plans for nuclear war, based on the Department of Health and Social Security's Home Defence Circular (HDC(77)) can be described as humane.

In the past, when diseases such as smallpox, typhoid and plague threatened to wipe out large numbers of the community, doctors were expected to put their patients' well-being first, risking their own death with a potential "epidemic" which would cause more suffering and death than anything previously known. Health authorities have been instructed that all medical care will be withheld deliberately in the immediate aftermath of a nuclear period. "Medical staff, who would be irreplaceable except in the long term, should not be wasted by allowing them to enter highly radioactive areas to assist casualties." (HDC(77)). The nuclear period, when suffering and death would be greatest, could last for several weeks, depending on the type and severity of the nuclear attack, weather conditions, etc.

Once radiation has reached "safe" levels health professionals may resume their work—but only with those who require limited surgery and have a good chance of eventual recovery. The dying, those likely to die and anyone suffering radiation sickness will be kept away from the remaining hospital services. Neither the Hippocratic Oath nor the various international codes of medical ethics give an easy answer to the way in which doctors should behave in such situations. However, in the light of the war plans of the NHS, the ethics of the profession seem curiously obsolete, as though reflecting the human innocence of a bygone age.

How can we withhold our services when they are most needed? Why are we so silently accepting the judgment of the NHS that it is better to prolong the life of a few than relieve the unimaginable suffering of those likely to die? The advice of the General Medical Council and the British Medical Association on these ethical issues is urgently needed but has so far not been forthcoming.

Yours sincerely,
SUE DOWLING,
Lecturer in Community Health,
University of Bristol,
Department of Community Health,
Cannock Hall,
Whiteladies Road,
Bristol, Avon,
January 10.

Card of destiny

From Dr H. Montgomery Hyde
Sir, In his remarks on libel (January 13) Mr Bernard Levin states that he has always wondered why the Marquess of Queensberry used the words "posing as" in the inscription on his visiting card which he left at Oscar Wilde's club. The words were inserted deliberately on legal advice, the advice having been given by Queensberry's solicitor, Sir George Lewis, whom he had consulted and who was later to instruct the leading defence counsel Mr (as he then was) Edward Carson. The prosecution for criminal libel which Wilde launched against Queensberry. At this date Queensberry planned to base his defence on Wilde's writings, particularly *The Picture of Dorian Gray* which he submitted to the counsel, and on Wilde's sexual tendencies thus justifying the words in the phrase quoted. But shortly before the case came on at the Old Bailey evidence supporting the direct accusation reached Queensberry's ears and his written plea of justification was amended accordingly.

Oscar Wilde's son, the late Mr Vyvyan Holland, told me that he had understood from Robert Ross, the famous literary executor, that Queensberry's card had been destroyed. He was surprised to learn from me that the card, which was an exhibit in the case, had been preserved in the Public Record Office.

Yours faithfully,
H. MONTGOMERY HYDE,
Westwell House,
Tatnell, Kent,
January 13.

Coverage of Sutcliffe case

From Mr Tom McNally, MP for Stockport, South (Labour)
Sir, Mr Walter Greenwood (January 13) finds it difficult to follow the logic of my objection to the publication of the details of the case prior to his appearance in court. Well, if the Chairman of the Law Examinations Board for the National Council for the Training of Journalists cannot follow the logic, my concern is increased.

There is a world of difference between an individual being named after a formal court appearance and his name appearing in the media many hours before any such appearance and being part of and contributing to the build-up of emotions towards a case. The pressure to meet that evening's deadline must not override the rights of the individual, something I hope Mr Greenwood is emphasizing whilst training his journalists.

Yours sincerely,
TOM MCNALLY,
House of Commons,
January 14.

Catchphrase

From Miss Bridget Brophy
Sir, I am fascinated to learn (January 8) that, if Mr Millett puts a book through my lip, drags me out of my element but manages to return me before I am quite dead, he will claim to have made a "pleasurable gesture". Yours truly,
BRIDGET BROPHY,
Flat 3,
185 Old Brompton Road, SWS.

Economic realities of deterrence

From Air Vice-Marshal J. C. T. Downey
Sir, The long fusillade of recent letters to *The Times* about defence has become a scurrying of defence targets ranging from strategy to military bands and there remains but one common concern: the growing impoverishment of our defences. We are finding it harder and harder to reconcile the accelerating cost of defence with the rising living standards we have come to expect. This happens to be particularly noticeable in Britain at the moment because our economy is flagging so badly, but, in principle the problem is the same everywhere.

Its cause is defence hyperinflation, the product of a protracted cold war coexisting with manifold technological advances. Every year, each defence pound, dollar or rouble buys fewer front-line replacements. For twenty years British defence spending has been held roughly constant in ordinary real money terms and in that time our forces have been almost halved.

Of course, neither a long confrontation nor the military use of technology is anything new, but there now exist two crucial new factors in the equation: the great fertility of late twentieth-century technology and the fact that in the nuclear age the military use of order of battle for war has to be maintained and constantly updated in peace. Together these circumstances create a new strand in military history which profoundly alters the economics of defence.

Before the atomic bomb, nations at peace could rely on a nucleus of armed forces supported by a research and development effort which could be run at tick-over: both could be massively expanded by mobilization if a need was foreseen. Today the military-technological competition between the superpowers is a never-ending process of technological blocks, even though they are nominally at peace, as at levels formerly achieved only in war. The modern arms race is a race in which the pace must be ever accelerating so long as neither side dares fall behind.

This is a fundamental problem which cannot be altered much by fewer brass bands or even by new strategies. Defence inflation is now pinching so acutely that in Britain even our long standing bipartisan consensus approach to defence is crumbling at the next general election we seem likely to face a choice between continued but weakening defence or a return to relative defencelessness and appeasement reminiscent of the middle 1930s. If so, public common sense will probably choose the latter, but even time that choice will become more and more uncertain as any effective level of deterrence becomes more and more costly.

When will someone of political stature stand up and ask whether deterrence whilst that is feasible but who also genuinely seeks its successor? To prolong the life of deterrence means promoting greater political unity in Western Europe where the Alliance wastes at least a third of its nominal strength on internal competition and lack of military standardization. But neither to left nor right does one see, at best, more than a lukewarm attitude to European constitutional development.

And where does one see any real belief at all in the development of new international security arrangements? The United Nations has been a failure in its attempts to bring the seemingly hard-headed realism of deterrence. And yet historically nuclear deterrence is newer and more experimental than the UN and its predecessor.

As deterrence declines under economic pressure, or creates economic and social unrest in its weaker, and as nuclear proliferation advances, we shall be lucky indeed if the inevitable nuclear war is sufficiently localized to enforce new fundamental thinking before it is too late.

Yours truly,
JOHN DOWNEY,
Windmill House, Bosham,
West Sussex.

Way ahead in Ireland

From Professor Cornelius O'Leary
Sir, On December 29 *The Times* carried an article by David Morrison, "Why devolution cannot work in Ulster", which argued that a majority of both communities here is satisfied with direct rule from Westminster. On January 6 (Letters), Mr W. S. Moore went further, arguing that the vast majority of the people of Northern Ireland are content to see direct rule from Westminster continue, not as an expediency but as a permanent institution.

Since these statements, if challenged, may mislead your readers, I should like to point out that while the only positive evidence adduced in support of his case by Mr Morrison came from a survey organized by Mr E. P. Moynihan-Brown of this department in 1978 (in which 95.2 per cent of the respondents agreed with the view that direct rule was the best way of governing Northern Ireland), Mr Morrison chose to ignore the findings of the Moynihan-Brown survey most relevant to the subject of his article.

Role in the Church of Opus Dei

From the Reverend Father H. S. Thomas, SJ
Sir, Your Profile of Opus Dei (January 12) struck me as being pleasantly reminiscent of some of the sixteenth and seventeenth-century charges levelled against the Jesuits: secretive; politically inclined; gliding in disguise down the corridors of power; attracting the young only to brain-wash them; and, to top it all, so distressingly favoured by the Pope.

With hindsight we can see that those critics did not discern the signs of the times. They did not recognize that the Church Militant needed a new sort of militia. And it could be the same today. It would seem that many of our young people, reared in a permissive society, feel the need of the direction and discipline that Opus Dei apparently offers them. And of course we must remember that for every disaffected individual who leaves Opus Dei there must be at least a thousand who enjoy it and see no reason for leaving.

If I may add a personal note, I must admit that I have been favourably impressed by what I have seen of Opus Dei products. Since 1958 I have been chaplain to overseas students here in south London, and have met a number of young men who, in East Africa or elsewhere, have received their spiritual formation from Opus Dei establishments. One and all have edified me by the quality of their faith and by the way they put their faith into practice. So far as I know there is not a larger or really intelligent group of young men. And I judge a tree by its fruits.

Yours faithfully,
HUGH THWAITES, SJ,
Catholic International Student Chaplaincy,
San Marino,
23 Upper Tooting Park, SW17,
January 13.

From Dr Anthony D. Clift

Sir, I read with some amusement your "Profile of Opus Dei" as it is kindly accorded with my own experience as a member for several years. I suppose its main defect was that it sought to represent the organization as rigid, conformist and overbearing without even touching on the freedom of action which is so close to the heart of its members. This freedom exists on joining and of course in being able to leave at any time, as well as in the spiritual observations recommended, which can of course be carried out by any Catholic whether a member or not.

When I read of its appeal to the "lonely, emotionally immature and those with an unfulfilled sense of mission" I really had to reach for my spectacles just to make sure! As a busy GP with a fair research and teaching programme, as well as being a family man with 12 children, I really felt I didn't quite fit the picture! (My immediate "mission" this afternoon was to hold my own in a snowball fight!)

The beautiful concept of making one's work acceptable to God was not missing in Opus Dei, but in some things that its members make an attempt, however inadequate, to achieve. I feel many of your readers would empathize with us. Yours faithfully,
ANTHONY D. CLIFT,
Broomfield,
Manchester Old Road,
Middleton, Manchester,
January 13.

Hopes for diabetics

From Dr Arnold Bloom
Sir, My attention has been drawn by parents of diabetic children to your report (October 23, 1980) on the portable insulin pump being tried for the treatment of diabetes. The report quoted some frightening statistics concerning the expectation of survival and health for children developing diabetes.

Unfortunately, it is true that when control of the diabetes is poor and the sugar in the blood is all the time considerably in excess of normal, dangers to the future health accrue. But in recent years, thanks to intensive research, we have a better understanding of how to avoid these dangers. There are many diabetics in good health today who have been injecting insulin for over 50 years.

Of course, to achieve success in the long term demands of the diabetic self-discipline and knowledge. It is impossible to expect young people to accept restrictions without understanding the reasons for them and this is where the British Diabetic Association plays such a helpful role.

More than 1,500 children in Great Britain develop diabetes every year. Never was the future more hopeful for them. I look forward in my lifetime to seeing diabetes in children controlled without the tyranny of the needle and certainly with the complications we now see will become more and more a rarity.

Yours faithfully,
ARNOLD BLOOM, Chairman,
British Diabetic Association,
10 Queen Anne Street, W1,
January 12.

Voice from the past

From Lieutenant-Colonel O. R. Nicholas
Sir, I would like to add a footnote to the obituary (January 12) on RSM Brittain. I am not sure that his voice was the loudest in the British Army, but it was undoubtedly the most penetrating.

He was, indeed, fair. When one officer cadet dropped his rifle on parade, a mortal military sin, several warrant officers and NCOs converged at the double upon the miscreant brandishing note books in which to "take his name". They were obliged to sink away when the RSM, lowering his voice to a muted bawl, announced: "Let him alone—he was trying".

He was a great man, not only in size. I have the honour to be, Sir, your obedient servant,
O. R. NICHOLAS,
Roundway,
Langman's Lane,
St Johns,
Woking, Surrey,
January 13.

Demolished almshouses

From Mr S. R. Gayton
Sir, I read with horrified dismay of the destruction of Denton's almshouses (report, January 14). This is a gross outrage. Denton is a most beautiful village and the almshouses one of its showpieces.

Nikolaus Pevsner could devote only 105 photographs to the huge county of Lincolnshire, but one was of these almshouses. This is a tribute to their importance in architectural history. No doubt, the excuse will be the need to balance the books, as though nothing else matters.

Denton is part of the Prime Minister's stamping-ground, not to say the Duke of Rutland's. One wonders what they think of this latest vandalism.

Yours faithfully,
S. R. GAYTON,
St Clements Road,
Orpington, Kent,
January 14.

هكذا من الأصل

Tax options in the next Budget page 19

Stock markets	
FT Ind 448.5 up 2.5	
FT Gilts 68.06 down 0.41	
Sterling	
\$2.4015 up 45 pts	
Index 79.7 up 0.3	
Dollar	
Index 86.8 unchanged	
DM 1.9990 up 65 pts	
Gold	
\$573.50 up \$14	
Money	
3 month sterling 144-144	
3 month Euro \$ 181½-181½	
6 month Euro \$ 171-171	

IN BRIEF

Bonn to lead Turkish credit talks for OECD

West Germany will lead the Organization of Economic Co-operation and Development efforts to assemble a further credit aid package to Turkey this year, after leading similar efforts in 1979 and 1980, Mr Turgut Ozal, the Turkish deputy prime minister, said in Bonn.

He made the announcement after discussing Turkey's economic and political situation with Herr Helmut Schmidt, the West German Chancellor, Herr Hans-Dietrich Genscher, the foreign minister and senior government officials.

Turkey seeks OECD credit in excess of \$1,300m (nearly £542m) this year, compared with \$1,600m pledged by the organisation in 1980.

Massey solution

Barclays Bank is optimistic that bankers will reach agreement by the weekend on the Massey-Ferguson refinancing through an interest forgiveness plan, a Massey spokesman said in London. The total of loans under discussion is said to be \$600m (about £238m).

Kuwait crude find

The state-owned Kuwait Oil Co has reportedly discovered a major oil field in the northern part of the Gulf Sheikdom, near the existing Sabriya fields. It is said to be "a very heavy oil".

Plant to employ 600

Panel Plus Industries, manufacturers of self-assembly furniture, are to open a new factory at Peterborough with the creation of 600 new jobs.

1,400 on short time

A slump in the sale of men's shoes has forced the British Shoe Corporation to put 1,400 workers at their factories in Kettering and Northampton on a four day week, starting from today. This brings the total of short time shoe workers in Northamptonshire to 14,000 with nearly 2,000 being made redundant.

Unit trust sales up

Unit Trust sales in 1980 were the industry's best ever at £531m, but repurchases—sales of units back to the managers—were also a record at £424m, leaving net sales of £108m, well below the industry's high of £258m in 1968.

More petrol rises

Pump prices of BP and Texaco petrol are to rise by around 5p per gallon. Both companies followed Shell, Esso and Mobil yesterday in increasing the price of their whole-sale deliveries from midnight last night. The cost of heating oil is also up.

Grand Met profits

Grand Metropolitan, the food, drinks and hotels conglomerate headed by Sir Maxwell Joseph increased profits by nearly 12 per cent to £152m last year.

Wall Street higher

The Dow Jones industrial average closed 3.50 points up at 969.97. The S&P 500 was 12.67½. The £ was 0.528454.

State ready to start loans scheme for small businesses

By Bryan Appleyard

The Government is now ready to introduce an experimental loan guarantee scheme for small companies. It will involve up to 5,000 Government-guaranteed bank loans to small companies in the financial year 1981-82.

The clearing banks are to be introduced next week and the plan is likely to be announced in the Budget, although there are some suggestions that it could become official before that.

At this stage the loans appear to be planned on a nationwide first-come-first-served basis, and both the demand and risks involved will be used to assess whether loan guarantees should be introduced on an unlimited basis.

It is almost certain that under the experimental scheme the banks will be expected to take 25 per cent of the risk with the remaining 75 per cent underwritten by the Government.

The idea behind loan guarantees is to help small businesses which require loan capital but which fall short of bank lending criteria of security or balance sheet ratios.

Small business campaigners have been arguing for years that perfectly viable businesses have been denied capital and that the Government should be ready to shoulder some of the risk by underwriting bank loans.

During the last Labour Government Mr Harold Lever first proposed the idea, but it ran into concerted opposition from civil servants in the Department of Industry. The DoI was concerned at the administrative burden which would be created by such a scheme and at the possibility of excessively high levels of borrowings among small companies.

Under the Conservatives the prime objection has been that such a scheme would involve an unacceptable degree of intervention in industry and an increase in the quantity of government-backed paper in circulation with the resultant upward pressure on interest rates.

However, consistent pressure from the small business lobby has been paying dividends. Mrs Thatcher herself appeared to have changed her mind on the issue some weeks ago after initially opposing the idea and now Sir Keith Joseph, the Secretary of State for Industry, is understood to have accepted that the scheme should be given a trial.

One big consideration is that a full-blooded loan guarantee scheme could inject between £1,000m and £10,000m of new capital into small companies and create substantial new employment.

The latest move follows some weeks of indications that civil servants were now taking a more positive view of the idea. Officials from the Treasury, the Department of Industry and from the DoI's small business unit have all been pursuing extensive consultations with small business experts, all of whom commented that the atmosphere had changed radically in recent weeks.

One consistent force against the idea from the beginning has been the banks. However, since last summer they appear to have accepted the possibility of the scheme and the weakness of their opposition may well have played an important part in this latest development.

In another development for small businesses Mr John Page, (Harrow West, Conservative) has tabled a private member's bill which would create a special Minister of State for Small Businesses.

Although this bill as such is unlikely to get a hearing, Mr Page believes the Government is in favour of the idea in principle.

Mr Page also is insisting that Chrysler try to wrest concessions worth millions of dollars from suppliers and past lenders by the weekend.

Mr Lee Iacocca, the Chrysler chairman said: "It's a super deal".

But Mr Douglas Fraser, president of the United Auto Workers' Union, expressed dismay at the terms required for the loan.

"This is the worst economic settlement we've ever made, but the only thing worse is the alternative... no jobs for Chrysler workers," he said.

Company officials said that their most difficult task would be convincing the 125 banks and insurance companies that have lent money in the past, to accept preferred stock in Chrysler as payment for \$500m in old debts.

Chrysler also would have to convince lenders to accept 30 cents per dollar as repayment for another \$500m.

Under the loan board's conditional approval, Chrysler would have to persuade its suppliers to make concessions totalling \$72m over the next year.

Mr William Miller, America's Treasury Secretary who heads the loan board, said Chrysler would have to agree to "commit itself to take all possible steps to obtain an infusion of capital through merger or other means".

Mr Iacocca told reporters the company had been exploring various international ventures, but was not yet ready to talk of a loan.

The loan board has fixed another meeting for today and expects the company to produce assurances that the various concessions will be made by workers, lenders and suppliers.

Mr Miller said that if the assurances were not given the request for aid would have to be referred to the Reagan Administration, which takes office on Tuesday.

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Lloyds & Scottish joins race to buy UDT

By Roman Eisenstein
Banking Correspondent

Lloyds & Scottish, the finance house jointly controlled by Lloyds Bank and the Royal Bank of Scotland, is making a £100m bid in cash and shares for United Dominions Trust, the once troubled finance house which is itself trying to merge its consumer credit interests in Britain with the Trustee Savings Bank.

Mr George Duncan, chairman of Lloyds & Scottish, said yesterday that his company had to act unilaterally without prior discussions. There had been rumours of an impending bid and the UDT shares had moved ahead, he said. They were 42p before the announcement but earlier in the week before the rumours started they stood at 37p.

Under the terms proposed by Lloyds & Scottish, shareholders in UDT would receive 43.35p in cash and 11.64p in ordinary shares of Lloyds & Scottish for each UDT share. This values each UDT share at 55p, compared to an asset value of 51p.

Lloyds & Scottish intends to raise more than £80m by issuing shares to Lloyds Bank and the Royal Bank of Scotland. Each bank owns nearly 40 per cent of Lloyds & Scottish, and by taking up shares it will maintain the present level of shareholdings.

Last May, Lloyds & Scottish did a similar money raising exercise when it



Mr Mather: talks on TSB deal still continuing



Mr Duncan: market rumours triggered unilateral action

bought Talcott Factors, of the United States, for £15m and raised the money from its two main shareholders.

If the deal goes ahead, the joint group would become one of Britain's largest finance houses. With outstanding debts of some £900m, it would be slightly ahead of Forward Trust, which is owned by the Midland Bank, but behind Mercantile Credit, which is owned by Barclays Bank and has outstanding debts of £1,000m.

Mr Duncan said yesterday that the merger "will conform to our philosophy of balanced portfolio. The group together will add quite a deal of strength to both of us". Both Lloyds & Scottish

and UDT have substantial interests outside their traditional finance house activities.

Lloyds & Scottish has interests in factoring, tractor distribution, television rentals and computer services.

UDT's main non-finance house subsidiary is the International Commodities Clearing House. This company stands on its balance sheet at £16m, but analysts in the market think it is worth a good deal more. With the proposed extension of financial and gold futures to London, its prospects could be alluring to Lloyds & Scottish, especially as its profitability is counter cyclical to that of a finance house.

Other UDT activities include vehicle hire, construction and engineering.

The profits of finance houses normally fall when interest rates are high and several of them have tried to protect themselves against the cycle by diversifying.

Since last August, UDT has been negotiating with the Trustee Savings Bank for a deal under which it would exchange 75 per cent of its consumer credit activities in Britain for £57m, of which £12.5m would remain in UDT. Endeavour, a joint hire purchase company, talks have not been completed yet because of technical hitches.

But yesterday Mr Leonard Mather, chairman of UDT, said that talks with TSB were continuing. "The TSB deal is still proceeding", he said. Mr Mather stressed that the Lloyds & Scottish approach came as a "complete surprise".

Yesterday a spokesman for Trustee Savings Bank said that its deal with UDT was going ahead.

The UDT board will be holding discussions in the next few days to decide on its response to the Lloyds & Scottish approach.

Lloyds & Scottish said that the deal was subject to the recommendation of the board of UDT and to details on trading. In fact, with 37 per cent of UDT shares in the hands of Eagle Star and Prudential Assurance, the outcome is likely to be decided by the attitude of these two institutions.

Pay cuts demanded over new Chrysler loan

Washington, Jan 15—Chrysler workers in the United States are being asked to sacrifice \$622m (about £238m) in wages, cost of living benefits and company pension contributions.

"This has emerged as one of the toughest financial conditions being demanded by the Chrysler Loan Guarantees Board in return for a fresh \$400m (£156.57m) cash injection to save the bankrupt car company."

Chrysler has also been told to seek a possible merger with another manufacturer.

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Mr Miller said that if the assurances were not given the request for aid would have to be referred to the Reagan Administration, which takes office on Tuesday.

But both Mr Fraser, for the

union, and Chrysler officials have said they cannot afford to wait that long since the company could run out of cash within the month unless it gets immediate assistance.

They were concerned that it may take Mr Donald Reagan, the new Treasury Secretary, some time to become familiar with the problem—possibly more time than Chrysler appeared to have.

Already Chrysler has drawn \$880m of the \$1,500m in loan guarantees approved by Congress.

Formal action by the loan board today would set the stage for final approval, granted by January 31, assuming the incoming Reagan Administration agreed to the extension of further guarantees.

Under the agreement last night, a 36-hour week, a reduction of two hours, will be introduced in May, 1983. In the meantime process workers will receive an extra day's holiday next year and a further day next year on top of the four weeks' holiday they receive at the moment.

Mr David Warburton, the General and Municipal Workers Union national industrial officer, said after yesterday's day-long talks: "I am very pleased with the progress we have made today. It is a significant improvement on the employers' previous position which was to offer a reduction in the working week from 1984."

Last night's agreement will now be put to regional conferences of the union and will go before the union's national chemical conference for final approval at the end of the month, but with the support of the negotiators, the deal is certain to be accepted.

At the same conference, delegates will draw up the pay claim to submit to the Chemical Industries Association for this year's pay round.

In another development, union officials and shop stewards of the GMWU and the Chemical Association of Scientific, Technical and Managerial Staffs, have given national backing for any groups of workers who take action in protest at the redundancy programme.

Mr Warburton said his union's threat of official action against the company if it continued its refusal to negotiate on the redundancy programme still stood.

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Voting will be close, Lorho says

By Philip Robinson

Voting will be very close on whether House of Fraser can sell and lease back D. H. Evans, the London store, for £25m, Lorho, the trading company which is resisting the move and which has forced next Tuesday's extraordinary meeting on the issue, claimed yesterday.

Lorho, with 45 million shares of its own, stressed that a large abstention vote was likely from Fraser's 35,000 shareholders, who hold a total of 150 million shares.

Robert Dunlop, a Lorho director, said last night: "We have been surprised at the number of institutions who have investments in both Fraser and Lorho, who have rung up saying they will not be voting."

"Legal and General has written saying it will abstain with its 2.5 million shares because it is involved with the deal."

Institutions are estimated to hold around 40 per cent of the Fraser equity. Mr Dunlop added: "If about 120 million votes are cast, Lorho will get 60 million, if 115 million votes come out, then we and Fraser will get about 57 million each."

"The total number of votes at the last annual meeting was 128 million. You always get more people voting at those meetings rather than extraordinary meetings over this rather dull issue."

Lorho was urging its supporters yesterday to send in their proxy votes by today. It is customary for the proxy deadline to be noon, 48 hours before the start of the meeting at which they are to be cast. But it is understood that the Clydesdale Bank, House of Fraser registrars, is preparing to accept them up to 11.30 am on Sunday.

House of Fraser is reported to be claiming that it has the backing of 68 million votes.



The Super Tiger which Bristow will operate.

£83m helicopter contract

By Arthur Reed
Air Correspondent

The Bristow helicopter group yesterday concluded arrangements to buy 35 332L Super Tigers from Aerospatiale, the French manufacturer, at a cost, with spares and equipment, of £83m—claimed to be the biggest civil order in the commercial helicopter industry.

Bristow, based at Redhill, Surrey, will use the aircraft, due to be delivered from 1982, for servicing the oil and gas exploration industry in the North Sea and on other contracts throughout the world.

Bristow's choice of a French machine is, in fact, a severe setback for the United States helicopter industry which had hoped that the group would buy the Boeing Vertol Chinook.

Following a comprehensive evaluation of the aircraft, with particular emphasis on its performance, technical qualities and cost effectiveness.

"With this latest purchase, following previous orders for Alouette 3, Astar, Twinstar and Puma 1 helicopters, the Bristow group becomes the largest investor in Aerospatiale civil products, and maintains its position as a leading worldwide operator."

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Gilts upset by higher PSBR fears

By John Whitmore
Financial Correspondent

While official figures confirming a slowdown in monetary expansion in December were much in line with City expectations yesterday, the ministerial warning that the public sector borrowing requirement was likely to exceed £11,500m in the present financial year upset the gilt-edged market, and prices of long-dated stocks generally fell by up to £1.

Although the market had been expecting that the PSBR outcome might well be higher than the Treasury's revised November estimate, some analysts took Wednesday evening's speech by Mr Nigel Lawson, Financial Secretary to the Treasury, to mean that the PSBR might well finish up either side of £13,000m.

The worry for markets is twofold. First, it suggests that the Government is still having considerable difficulty in getting to grips with public sector finances. Second, it implies that further large tranches of gilt-edged stock will need to be sold before the end of the monetary year in mid-April.

On the other hand, the market now knows that the Treasury assessment of prospects for the PSBR in 1981-82 are better than had generally

been feared, showing an appreciable improvement on the likely outcome for the present financial year.

The authorities will be hoping that the market has stabilised sufficiently for funding to resume. But whether there is still the possibility of a reduction in minimum lending rate ahead of the Budget remains to be seen.

Much may depend on what the authorities learn as they piece together the January banking statistics at the end of the month. In particular they will want confirmation that the trend in the growth of private sector demand is still slackening.

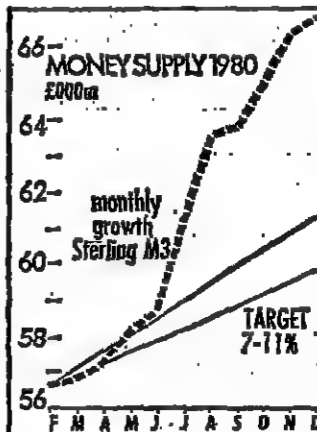
Yesterday's figures show that sterling bank lending to the private sector rose by £816m in December after falling by £63m the previous month.

A good part of this turnaround, may reflect companies switching from dollar to sterling borrowing as dollar interest rates soared. While bank lending in sterling rose sharply last month, lending to the private sector in foreign currency fell by £345m.

The increase in sterling bank lending to the private sector more than accounted for total domestic credit expansion of £761m in December. The public sector contribution was negative by £285m.

External finance was contradictory to the extent of £261m, leaving a sterling M3 rise of £358m, or 0.5 per cent record for sterling. Sterling remained buoyant on the foreign exchange markets yesterday (France, Williams writes). In Frankfurt the pound was fixed at DM4.80, its highest level for nearly five years, and at the Milan fixed it touched a record level at 2,284.5 lire. In London sterling hit \$2.4055 before closing at \$2.4015, up 45 points.

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Mr Carter's Budget bequest to the new Administration

From Patrick Bragan,
Washington, Jan 15

President Carter published his last Budget today, for the year beginning in October 1981, known as fiscal 1982. It projects a deficit of \$27,500m (£11,458m) followed by \$8,000m (£3,200m) in 1983 and a surplus of \$32,000m in 1984.

The usefulness of these projections can be measured by comparing them with those issued a year ago. Mr Carter then projected a deficit, for 1981 of \$16,000m, and surpluses

of \$5,000m in 1982 and \$25,000m in 1983. The deficit for the current year is now estimated at \$55,200m, more than three times the projected figure, and the end has not yet come.

American budgets are all political. Mr Carter is leaving office next week and this budget is his bequest to Mr Reagan, who has promised great increases in defence spending, is going to find it difficult to do any better.

The budget for 1982 proposes outlays of \$6

FINANCIAL NEWS

Stock markets

Spending fears bring heavy selling of gilts

Confirmation of the Government's overspending brought a sharp shake-out in Government securities yesterday.

This came after a speech by the Financial Secretary, Mr Nigel Lawson, who told the Zurich Society of Economists that the Government's borrowing requirements were likely to exceed the budgeted £11,500m.

As a result, heavy selling of gilts resumed yesterday, after overnight weakness, with prices generally closing at the low for the day.

The money supply figures, which were as expected, with a 0.5 per cent increase, failed to lighten the load.

In long, initial falls of £1 were extended to £1.50 despite attempts of a rally after hours. At the shorter end of the market, falls were restricted to around £1 in fairly light trading, although buyers did come in for the Treasury 15 per cent, 1985, unchanged at £105.1, ahead of going ex div today.

Meanwhile, the former trend continued in equities as bear closing produced a small technical rally and put a brake on the weakness which has been the main feature of this account. Oils also displayed a firmer appearance, but electricals faded after attempts at a rally earlier in the day.

Nevertheless, dealers still remain worried by the continued gloomy economic and industrial news which has successfully deterred investors and pulled share values steadily lower. But the thin conditions which prevailed were partly responsible for the rise in the FT index of 2.5 to 448.5.

Leading industrialists fluctuated in relatively narrow limits for most of the day and by the close displayed a mixed appearance.

The two bright spots were Grand Metropolitan, up 7p at 145p after a healthy increase in the profits and dividend payment and accompanied by a property revaluation and GKN up 8p at 146p. This, in turn, brought a ripple of excitement to the rest of the market, with reports next week, rising 4p to 179p.

Elsewhere, rises were seen in Glaxo, 2p to 248p, and Dunlop, 1p to 53p. But falls were witnessed in ICI, down 2p to 296p, Unilever, 3p to 438p, and Blue Circle Industries, 4p to 326p.

Business after hours saw details of a £59m bid for United Domestics Trust from the other big finance group, Lloyds & Scottish. Shares of UDT quickly rose 12p to 52p following the 55p-a-share offer, but Lloyds & Scottish retreated 4p to 149p.

An inquiry is expected into dealings as a result of heavy activity in the shares ahead of the announcement.

Also in financials, London United Investments expanded 10p to 185p, with Mercantile House awaiting figure, 20p lower at 56p.

In shipping, shares of Stag Line returned from suspension 85p higher at 355p following the bid from Huntingdon, while Ropner Holdings, with a 29 per cent stake in the former, hardened 5p to 174p having already agreed the terms. In the meantime, the seamen's strike had a depressing effect on European Ferries, down another 2p at 142p.

Shares of Soter Electrical The pending placing by broker Earnshaw East of Soter Sound, the Tottenham Court Road video concern, founded by Lionel and Sidney Astor, should it be thought, see 562,500 shares being made available to the market at a price of 80p a share.

were suspended at 61p pending an announcement from the company. Dealers last night were anticipating the possibility of a reverse takeover.

Racal was a better market, climbing 4p to 288p, despite rumours of pending litigation in the United States which was discounted in most quarters.

Others to show a recovery, included Farnell Electronics, 2p to 344p, Bowthorpe, 6p to 154p

and Diploma, 3p to 153p. But further selling appeared in GEC, down 6p at 575p, BICC, 1p to 163p, Thorn EMI, 4p to 288p and Unilever, 4p to 253p.

The heavy full-year loss and no dividend wiped 2p from Unilever at 66p, with Henry Wigfall losing 5p at 131p for a similar reason.

The improvement in full-year profits and free share handout filled at 183p, but the 6p contraction knocked British Electric Traction 5p to 119p.

But most trading statements made depressing reading yesterday. Dixons Photographic ended the day at 135p, but with Associated Paper Industries fell 1p to 27p and Woodrow Wyatt 2p to 20p.

Magnet & Southern continued to reap the benefit of recent good figures, climbing 3p to 189p.

Massey Ferguson was a weak market, tumbling 30p to 135p as the loan talks to guarantee its liquidity continued. Rentokil slipped 6p to 162p as fears grew of a link between cancer and one of its major products.

Speculative buying was good for a 10p rise in Cornhill

Dresses at 78p, while R. P. Martin jumped 18p to 138p for a similar reason.

Greycoat Properties advanced 12p to 175p on speculative support, while Hales Properties rose 2p to 110p and Country & New Town hardened 3p to 58p, both after interim statements.

Little interest was shown amongst the rest of the property sector, although a fall of 5p was seen in Hammarson "A" at 590p.

Unigate's decision to sell its baby food activities to a Dutch concern led to a 3p rise at 100p, with British Sugar 7p dearer at 253p after the annual meeting.

Somertex leapt 55p in a thin market and Tate & Lyle, with figures next week, rose 2p to 138p.

Oils staged a small recovery in fairly thin trade. BP rose 6p to 392p, Shell 4p to 444p, Ultramar 7p to 489p, Tricentrol 2p to 306p and Burmah 2p to 179p. Lasso again benefited from the latest drilling report from the Thelma Field, hardening 8p to 71p.

Equity turnover on January 14 was £118,982m (15,191 bargains). Active stocks yesterday, according to the Exchange Telegraph, were: CML, RSC, CKN, BSR, Beecham, ICI, BP, Premier, GEC, Barclays Bank, Bass, Charterhouse Pet. IC, Gas, Plessey and Thorn EMI.

Traded Options: Total contracts mounted to only 647, with Grand Metropolitan on 270 following figures.

Traditional options saw further falls in several shares, including Charterhouse at 10p, Burmah at 17p, and Charterhouse at 9p.

Shares of Strata leap on rumours of gas find

By Philip Robinson

Shares of Australian oil exploration stocks Strata Oil soared 31p at one point yesterday before easing to a new year's closing peak of 22p on rumours of a substantial gas strike.

The shares had already jumped 55 cents to a record AS435 overnight in Sydney and were being quoted in London before trading started 21p higher at 21p.

Behind the rise were unconfirmed reports that 3 trillion cubic feet of gas had been found in Woodada Three, the last of three wells in the on-shore Perth Basin area in which Strata has a 26.95 per cent stake and the private Texas-based conglomerate Hughes and Hughes has 65 per cent.

Much of Strata's price rise on the London market came after 2 pm in expectation of heavy American buying. But Perth-based Strata, which has put out regular Monday morning bulletins on the progress of drilling, was reported by foreign sources as being unavailable for comment. Its last statement was on January 12 when it reported that drilling had been completed on Woodada Three and testing was planned for this weekend.

In London, stockbrokers experienced in Australian stocks were cautiously underlining the lack of confirmation. Unconfirmed estimates of Woodada Three's capabilities put the oil production capacity at 3,000 barrels a day and informed sources say that there could prove to be up to 4,000 cubic feet of gas.

Dixons down 15pc in first half, but dividend raised

By Richard Allen

Dixons Photographic, the film processing, retail electronics and wholesale pharmaceuticals group, disappointed the market yesterday with news of pretax profits down 15 per cent to just over £5m in the six months to November 8.

The shares fell 4p to 127p on the announcement. But Mr Stanley Kalmis, the chairman, took a different view of the outcome saying that he viewed the figures "with some satisfaction", especially as they included redundancy and re-organization costs totalling £542,000.

He said that the board had decided to increase the dividend by 5 per cent to 1.5p gross "in view of the group's strong financial position and prospects". And he added:

"The group remains committed to an intense programme of improving efficiency and of expansion, and is not deterred by present transitory economic circumstances."

This expansionary thrust has seen the group opening consumer electronics stores at the rate of 25 a year. Its retail division now has 231 branches and the ultimate target is about 450.

The £542,000 reorganization costs incurred in the retail division helped to cut profits there from £2.4m to £1.5m on turnover up from £41m to £45.5m. Meanwhile further increases in Dixons' share of the film processing market saw profits rise more than a fifth to £1.34m, on a turnover leap of about a third to £8.8m.

At the same time the pharmaceuticals division, which made losses of almost £500,000 in the last full year, returned to a fractional profit.

The biggest divisional setback came overseas with profits more than halved to £477,000. The blame is placed chiefly on the American retail operation, which saw profits and margins slashed as a result of a sharp fall in demand.

The group is hoping for at least a marginal upturn in the United States soon, but remains less optimistic about the immediate outlook in the United Kingdom, despite what it describes as a good Christmas trading period.

In its last full year Dixons profits edged up from £10.7m to £10.9m.

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Briefly

Icelandic issue: Hambros Bank reports that the Republic of Iceland (£15m) 14 per cent stock 2016 has been placed with United Kingdom and overseas institutions. The stock is payable as to £200 per cent per £100 nominal of stock on acceptance with the balance due by March 27 1981. Hambros Bank managed and underwrote the placing. Rowe & Pitman and W. Greenwood & Co acted as brokers to the placing. Application has been made to list the stock on the London Stock Exchange.

Bates Properties: Sales for half-year to September 30 1980, up from £371,000 to £548,000; pretax profits up from £191,000 to £235,000. Interim dividend unchanged.

Barrow Hepburn Brierley: Barrow Hepburn has acquired Bradley Rubber of Lye, Stourbridge, for £225,000.

Ace Belmont International: Turnover for year to August 31 1980, £254,000 (£234,000). Dividend unchanged at £2.50 per share (£1.75m). Pretax profits, £3.04m (£1.8m). Properties valued at September 30, disclosing surplus of £3.45m.

Independence Investment Co.: Pretax income for half year to December 31 1979, £154,000. Results for the half-year to December 31 1979, not comparable. Earnings should be taken as an indication for the full year. Teclament: Teclament's offer for Orbit Controls now unconditional. Acceptances received for 99.9 per cent.

Greenfriar Investment: Gross revenue for year to December 31 1980, £254,000 (£234,000). Dividend unchanged at £2.50 per share (£1.75m). Pretax profits, £3.04m (£1.8m). Properties valued at September 30, disclosing surplus of £3.45m.

Capro: The private investment company which has said it may mount a rival bid to Hanson Trust's £13m takeover approach for Central Manufacturing & Trading has acquired a further 120,000 shares at 51.25p. This brings its stake to 26.6 per cent.

Palabora: The South African copper mine 33 per cent owned by Rio Tinto-Zinc, raised output last year by 3,000 tonnes to 114,000. Sales however were only up by about 400,000 tonnes to 113,000 tonnes. Higher production was achieved despite a fall in the average copper grade to 0.44 per cent. The depressed uranium market kept sales down to 96,000 kilograms, compared with 129,000 in 1979.

Colmore Investments: Mr Trevor Trefgarne, has written to members of Colmore urging acceptance of the Nesco offer that has been extended to January 28. He says that acceptance to January 13 totals £380,817 shares. With £1.65 per share, the offer totals £628,348. The offer, he says, has 38.1 per cent of the Colmore capital.

MONEY SUPPLY

Figures released for the monthly amount of money stock seasonally adjusted at the mid-month dates.

	M1	Sterling M2	Private sector liquidity
1979			
Dec	27.7	56.8	108.4
Jan	27.7	56.8	108.4
Feb	27.7	56.8	108.4
Mar	27.7	56.8	108.4
Apr	27.7	56.8	108.4
May	27.7	56.8	108.4
Jun	27.7	56.8	108.4
Jul	27.7	56.8	108.4
Aug	27.7	56.8	108.4
Sep	27.7	56.8	108.4
Oct	27.7	56.8	108.4
Nov	27.7	56.8	108.4
Dec	27.7	56.8	108.4

Monthly change in sterling M1 and domestic credit expansion

	Domestic credit expansion	Non-credit expansion	External debt	Non-credit expansion	External debt
1980					
Jan	+738	-104	-149	+435	
Feb	+738	-104	-149	+435	
Mar	+738	-104	-149	+435	
Apr	+738	-104	-149	+435	
May	+738	-104	-149	+435	
Jun	+738	-104	-149	+435	
Jul	+738	-104	-149	+435	
Aug	+738	-104	-149	+435	
Sep	+738	-104	-149	+435	
Oct	+738	-104	-149	+435	
Nov	+738	-104	-149	+435	
Dec	+738	-104	-149	+435	

No Muirhead payout after £2m loss

By Margaret Pagano

High technology specialists Muirhead shocked the City yesterday with news of heavy losses and the passing of its dividend for the year to September. The shares, which last year peaked at 277p, fell 15p to 262p but lifted to 265p by the close.

The defence components and data facilities equipment manufacturer, headed by Sir Raymond Brown, reported a pre-tax loss of £2.4m compared with profits last year of £311,000. Sales were marginally higher at £25.15m against £22.5m.

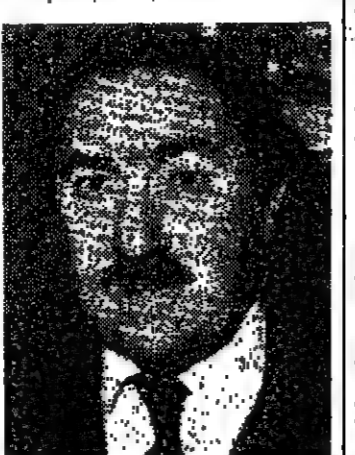
The main problem, said Mr Donald Buchanan, company secretary, was the closure of the Morden rotary components factory which had been badly hit by squeezed profit margins, high overhead costs, and excess production capacity. The bulk of the factories' work has been transferred to its long-established Beckenham plant, where output was briefly disrupted by production problems. The closure costs were included in the £251,000 of extraordinary losses which also covered redundancy costs. The cuts in the 1,600 workforce, mainly at Morden, meant the loss of 400 jobs.

Although sub-contracting orders from Muirhead's customers, such as Plessey, GEC and Plessey, were "reasonable", the real problems were those of costs and excess capacity, he said. And selling through its overseas subsidiaries, in France and Germany in particular, was hit by the strength of sterling and exchange losses. The overseas trading loss was £501,000 against profits last time of £32,000. Many foreign customers switched to more competitive products.

Against this background, Mr Buchanan declined to forecast for the current year but indicated that the worst, with the Morden closure, was now over.

Mr Richard Morrell, the managing director, said yesterday that passing the dividend was a cautious move at this stage, despite the indications that trading was recovering. Profits from the second half of the year are usually higher but have fallen sharply in the last few days, the London Metal Exchange three-month contract closing at £6,160 a tonne yesterday.

One factor overhauling the market has been the decision by the United States General Services Administration to sell 30,000 tonnes of the metal from the stockpile. No sizeable sales have yet been made, however.



Sir Raymond Brown, chairman of Muirhead.

A critical review of the group's valuation of stocks gave a provision of £977,000 for the year, and an additional £1.1m has been created as prior-year adjustments. Rapidly changing technology is fast making stocks obsolete, and the group is changing its accounting policy.

Demand was weak throughout the year for its data communications and facilities equipment, which contributes 45 per cent of sales with customers proving reluctant to invest during a recession. Higher interest rates of £1.07m against £578,000 reflected increased borrowings up by about £1m to £5m in the year. Capital expenditure was negligible.

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